





# Danish double bill

by MAX LOPPERT

Part of the season of opera at Sadler's Wells, the Danish Academy of Opera has two performances at the end of the academy are high. Good voices were none, at least, with weakness, and several hope to hear again; the firm in string tone and ensemble, was the best of on so far, and the programme was realised with shrewdness. It grieves me to report that the programme, though it promises on paper, and about an attempt to avoid familiar, was unsuitable and a dull evening consequence.

The first opera was "Le Cinesi" — an opera written in 1754 at the residence of the composer, the Prince von Haussen, for a visit of "hera and Francis I. It expands a text that had been written for some 30 years earlier in this basic background. It is a divertissement for four players, three Chinese women and one man. Let's make an Opera

about operatic and musical styles, with *Chimborazo* as touch of exoticism not pursued in the music. Between much recitative, each character essays an aria in a different operatic mode; the finale is concerted.

It was interesting to encounter this example of "pre-revolutionary" Gluck. Though it is light, the music is still lit by something of the luminous simplicity, the buoyant orchestral line, of the great later operas (the tenor's "Son lugzi e non mi brami," in a graceful A major over-lightly changing bass, looks forward in some of its phrases to the nobly chaste music of Admetus and Pyllades). But an exercise in style demands stylish performers, with nimbleness and fluency in Italian recitative. Although the style here was flat. Although the four singers were capable — Kim voo Blizer, the tenor, turned some elegant phrases — they had not been confidently grounded in the manner and the sense of the piece, with the result that its revival seemed rather pointless. It was brutally ungrammatical to chop off each of the *da capo* or *ritornello* repeat.

For the second half, an opera in English had been specially commissioned from the Danish

ten Town Hall

# Les Vêpres siciliennes

by ELIZABETH FORBES

Chelsea Opera Group, reputation was founded, led by, on Berlioz, has gained a fondness for opera. Recently the as made something of a of those works, settings of texts by Italian composers, usually their Italian versions: *Le Tell* and *Don Carlos* such operas sung in the COG in the original.

On Friday night an example, Verdi's *Les Vêpres siciliennes*, was given in Town Hall as part of the Festival; the performance was warmly received and the audience.

*Vêpres siciliennes*, Verdi's lively original French admitted not a masterpiece, the later work it gains from performed relatively and opera, are complete except for the ballet music — and gains from being sung in French language; not only different in the Italian but frequently the whole the vocal line. Scribde is rightly accused of distorting the historical facts of the Sicilians of 1282, plot of *Don Carlos* does very close to history. Two themes calculated to Verdi emerge from the triumph and the relationship between a father and

of the music for Procida, a patriot, is exceptional, while the between Guy de Montfort, a Governor, and Henri, by a Sicilian woman, are fine. John Tomlinson, the strong, dark-bassed chanteur, reformed Procida, dominated the performance; he sang "Et l'arme" with generous, I tone, but a little more of phrasing, an even care for French vowel

sounds, would have added nobility to his characterisation without weakening the fanaticism of Procida's devotion to his country.

William Elvin, on the other hand, made Guy de Montfort almost too sympathetic; for the Governor shows the more clement side of his nature, but his reputation for cruelty and tyranny cannot be ignored. The reflective aria, "Au sein de la puissance," in which Verdi clothes conventional sentiment in genuinely moving music, was expressively sung. Adrian de Peyer, though taxed to the limit by Henri's music, managed the heroic aspects of the role very creditably, but at the expense of more lyrical moments when his tone was apt to thin. In Henri's duets with Montfort,

Elizabeth Hall

# Joseph Kalichstein

by DAVID MURRAY

Joseph Kalichstein's latest London recital formed part of the excellent South Bank Sunday afternoon piano series, and he maintained the standard admirably. He bears the distinguished stamp of his teachers, Edward Steuermann and Ilona Kabos; that was evident at once in the Beethoven Sonata with which he began — the oddly constructed F major one, op. 34. The opening minuet theme was capably maintained, the standard over-stressed, and the subsequent streams of octaves bubbled tirelessly. The Allegretto was not a *moto perpetuo* stunt, but had a fine, even glow, properly *dolce*. Beethoven's playing, in fact, Schumann's *Kreisleriana* fairly swarmed with *Intimität*, slightly

at the expense of its more vivacious components; the third and fifth pieces fluttered loosely, unmoored by any clear rhythmic framework. The standard when Schumann writes staccato he must mean something else. In the closing Mendelssohnian rondo the off-beat semiquavers were barely

## The Entertainment Guide is on Page 34

detectible, and so their sudden aggressive development in the "Mitt aller Kraft" episode sounded like a foreign intrusion. But the long-breathed sweetness of the slower pieces was drawn out with flawless sympathy, and from them the whole performance took its bearings.

In Kalichstein's hands the Sixth Sonata of Prokofiev sounded more purely musical than usual. Its bassline glare was softened without its urgency being muted; inner parts were tactfully brought out, the repellent coils of the *lento* were waited and varied, the freight *Finale* ruminative, explored. The Scherzo was all winking half-lights, a particular success. If Prokofiev intended a gauntlet to be more violently flung down, Kalichstein suggested persuasively that a thoughtful indirectness may serve as well. His fingers are fleet, but not steely; he knows how to make a glove fit his own hand.

## The St. Magnus Festival

The first St. Magnus Festival will be held in St. Magnus Cathedral, Kirkwall, Orkney, from June 18 to 22. The Festival opens with the premiere of a new opera by Peter Maxwell Davies, *The Martyrdom of St. Magnus*, based on George Mackay Brown's novel *Magnus*, dealing with the 12th-century pacifist who became patron saint of Orkney. The opera, conducted by the composer, will be performed by The Fires of London, who will also give a concert of music composed or arranged by Maxwell Davies the following evening. Other events include a concert by the Edinburgh Quartet, various recitals and music for dancing by the Ham-naoie Band and the Orkney Strathpey and Reel Society.

The performance of *The Martyrdom of Saint Magnus*, commissioned by the BBC for the Queen's Silver Jubilee, is a BBC Invitation Concert, to be relayed by BBC Scotland later in the year. The first London performance, to be broadcast live, will take place during the Proms at the Round House on July 25. It is hoped the Festival will become an annual event, and Maxwell Davies is appointing an opera local legend, for the 1978 Festival, which will be performed entirely by pupils of Kirkwall Grammar School. E.F.

Wildenstein

# Kitagawa Utamaro

by WILLIAM PACKER



Utamaro: Yatsuyama of the Washiya (c. 1795)

Vary occasionally a private gallery, which must lack the resources of time and scholarship that are available to a public institution, besides having to cope continually with the exigencies of commerce, manages nevertheless to put on an exhibition of major importance and of museum quality. And when such rare treats are offered us, we can hardly do less than enjoy them. Until April 8, though I understand there is the possibility of the run being extended by a week or so, a remarkable and extremely beautiful exhibition is to be seen in Bond Street, brought over from Paris, where it was put together by Mme. Huguette Beres by Wildenstein. The Japanese popular prints of the 18th and 19th centuries occupy a curious place in the Art of the world, for, in many ways, they are highly specialised, specific, enclosed, reflecting as they do in their subject-matter the tastes and activities of the Japanese. The Floating World, voted to the transient pleasures of the senses, itself an enclave within a society quite shut off from the outside world. And, intriguing though the glimpse is of that life of the Floating World, it remains as remote, as alien to our experience and sensibility, or so it seems at first, as the Egypt of the pharaohs, or Hollywood before the War.

And yet these same prints, that slipped through to the West only late in the last century, and sent at that not always for their own sake, but too frequently merely as a protective wrapping for porcelain, just so much waste-paper, had an immediate and powerful effect, a seminal influence over subsequent developments in the modern movement: an influence indeed that is felt in some quarters to this day. At a moment when in certain important instances eyes were suddenly newly alive to other than the sophisticated historical movements of the post-Revolutionary era, they demonstrated the particular virtues of line and pattern, and a flattened, simpler perspective and formal description; and they did so, moreover, by means of an austere and dignified medium, the limitations of which were transcended with astonishing and stimulating technical brilliance. The acceptance and exploitation of the flat surface, which they show so clearly, became one of the staple preoccupations of modern painting.

Kitagawa Utamaro was perhaps the very greatest of these artists. His peculiar Art, and practised in its finest period, toward the end of the 18th-century. Under-standing and accepting the constraints of the co-operative technique of the wood-cut, and

ever pushing and stretching at them to their utmost, he brought a subtlety of description and association, he was yet wonderfully free of them. He takes his place by right in the pantheon of the great artists of the world. The small scale of his work belies its authority, for his im-

ages command attention across a room even as their detail falls away into generality. But they are irresistible and we must move closer. Age has faded the links and papers, and taken the edge off the dense, black hair and the bright lips, bringing tones and colours closer together in a

gentle conspiracy of pink, grey, blue and silver. Against the warm grey plush of the gallery they present nothing less than an invitation to a quiet orgy of visual indulgence; they can seldom have been shown more happily. And in this physical aspect alone, a little surpris-

ingly at first, they call to mind the contemporary pre-Revolutionary art of France, and the delicate hedonism of Boucher in particular.

And so we see with Utamaro, just as with Boucher, that an insistent sensuality inheres in the very substance of the work, quite independently of whatever is depicted. But when we come to consider the subject-matter, sensuality becomes overt, explicitly so, and the sympathetic comparison with Boucher, with his delight in silk and roses, pink flesh and languid, writhing bodies, reinforced.

None of the prints shown here is as baldly erotic as some of his best work, but we take the point nevertheless. His beauties, the great courtesans of the Yoshiwara, the separate pleasure quarters of Edo, with their tea-houses, bath-houses and bordellos, move through their days and nights, from the hour of the hare to the hour of the tiger, attended by their retinues of lovers, musicians, actors and servants, painted, cossetted, dressed and undressed by their maids, amused by their children and consoled by each other. Alone they arrange their hair and clothes, gaze into the mirror, write their letters, or simply relax in a luxury of dishevelment.

And all the while Utamaro is up to his technical and formal games, whether it is to put a shadowy figure behind a screen, drape over another screen, veil, or just to hint by the faintest nuance of the line, at the soft, rounded body beneath the dress. His sense of composition is as sure as it is adventurous, apparently so simple yet growing ever more complex and absorbing the more it is considered.

Our eyes are taken back and forth across the page by the confident and vigorous line and the broad sweeps of colour and pattern, suddenly checked by the sharp edge of screen or door, or by the still and extraordinary silhouette of head and hair, and then off again. We move into the space, drawn on by the perspective, and by the figure beyond, half hidden by screen and furniture, or the shoulder of her friend, only to be brought up short and cast out by a mirror or another screen. We are made to explore an intricate pictorial maze, that traps us unawares, exercising the eye while beguiling the imagination. None of these lovely things needs an explanation, and he is a poor man who cannot enjoy a picture of a pretty girl; but nothing was ever made less interesting by thought and careful scrutiny. Utamaro's world, like Alice's, grows curiously and curiously.

Whitehall

# In The Red

by MICHAEL COWENEY

June sunshine spills through a dense forest into a pleasantly furnished drawing room of a large house in the stockbroker belt. A popular playwright who has written nothing for 13 months gathers his family around him to devise the humiliation of a new bank manager with a £10,000 overdraft. David Clifton's plight could be worse: at least the house is worth in excess of £50,000, and there are three cars in the driveway. But David likes to gamble and he is determined to both sacrifice his life-style and acting as a "poor man's IMF" by paying off the Government's debts with his own.

Such is the setting for William Douglas Home's new comedy, and as usual, it is likely to strike a chord with an aristocratic, well-heeled audience disposed to laugh at the problems of an upper middle-class household feeling the pinch. Even Primo, the Italian houseboy, of whom they are all so fond, may have a part to play in the scheme, and that involves obtaining a photograph of the bank manager in a compromising position with either his wife or daughter, it matters not.

The execution of this plan is ponderously achieved with the help of a telephone calls and large amounts of alcohol. But just before the interval, the plan is exploded by the inevitable misfire trick: Bentworth picks up

Festival Hall

# Walton birthday concerts

by RONALD CRICHTON

The London Symphony Orchestra celebrated Sir William Walton's 75th birthday (which falls to-day) with a slapp-up concert conducted by André Previn, Kyung-Wan Chung to play the Violin Concerto, the Second Symphony, and Walton's latest orchestral work, *Vari capricci*. These are transcriptions of the Five Bagatelles for Guitar: part of the fun lies in trying to conceive how they sound on a single, intimate instrument. One can imagine the slower ones plucked, especially the two Lentos which might both be subtitled "Satie's Siesta"; not so easily the finale, a brief and rowdy tribute to Malcom Arnold.

Now that the viola's period of English glory seems to be waning and only a handful of cellists manage to overcome the general public's incomprehensible indifference to their instrument, the Violin Concerto is the most popular of Walton's trio. Kyung-Wan Chung clearly by choice and not through any technical limitation, plays the concerto more as an intimate poem than a prolonged fireworks display. With expertly dovetailed and restrained accompaniment from the orchestra, this was greatly to the advantage of the first two movements, rather less to the finale. Miss Chung's cadenza was perfectly in keeping, but the orchestral part was duly defined until the very end, which went raucous.

Something of the same joint hollowness affected the climaxes of the symphony, which otherwise had a performance worthy of the occasion. The opening

movement, much less highly-charged and emotional though it is than the corresponding part of the earlier symphony, is a splendid piece of fizz-and-creakle in which uneven metres are cunningly used to maintain tension. The *Lento assai* is a brooding seascape with quiet trills and tremolos that send south wind shivers over the surface: in the finale (a pasacaglia with extended scherzo-coda) the trills turn bilharzoid or venomous.

The English Bach Festival got in with a hastily-organised gathering at Plaisier's Hall on Friday evening, when Charles Mackerras conducted the festival's Ensemble in no less than eight hit-here publicly performed numbers from *Facade*. Some day heady musicologists will have the time of their lives establishing exactly when during the fruitful years from 1922-28 which of the pieces were written and performed. One of those given on Friday, "Herodiade's

Flea," is included in facsimile in the *Facade* volume produced, was it not, for Walton's 70th birthday. One other, "Daphne," exists as a separate song-setting.

It was a most curious experience to hear unfamiliar pieces in a familiar idiom, so like and yet not the same. They were omitted from the final accepted version, it seems, on grounds of overall length and the need for contrast. All of them, none the less, are worth hearing occasionally, some of them — the sad-coloured "Daphne," the short, snappy "March," and endearing "White Owl" — more often than that. What a shame that nothing else in later years apparently stimulated Walton's "private" vein of adventurous chamber-writing. Richard Baker was the reciter, evidently brought up on the best models, leaning more to Edith Sitwell's hieratic manner than to Constant Lambert's unfailingly rhythmic chanting, which was more helpful to words and music.

## Tolly Cobbold art exhibition

The first Tolly Cobbold/Eastern Arts national open art exhibition opens at the Fitzwilliam Museum in Cambridge on April 1 and closes on May 1. Fifty-seven works have been selected out of a total of over 1,400 entries. Among the artists represented are Derek Boshier, Boyd and Evans, Robin Denny, John Hoyland, Patrick Hughes, Edward Middleditch and William Turnbull, but the exhibition includes unknown as well as known artists.

This exhibition results from an initiative from the Ipswich brewers, Tolly Cobbold, who envisaged a modest East Anglian open competition for the Constable bi-centenary. This first idea has since developed into the nationwide open competitive exhibition, with prize money of more than £5,000 contributed by Eastern Arts, Tolly Cobbold and the Arts Council of Great Britain.

**BUDGET**

his afternoon, the news.  
Tomorrow morning, the FT.  
for the real in-depth analysis.

This afternoon the Chancellor announces his Budget, with decisions that will directly effect everyone in this country.

Tomorrow the most authoritative voice on financial affairs analyses all the implications in full. The Financial Times' team gives you its usual in-depth appraisal of every aspect of the Budget; how it will affect business, industry, the economy, personal and family finance.

So if you want more than the bare facts, turn to tomorrow's Financial Times first. Make certain of your copies now.

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER

## Chichester 902 Festivities

There will be a concert in the Cathedral evening of the Chichester 902 Festivities which runs from July 7-20. Highlights are the Royal Philharmonic Orchestra with the trumpeters of the Royal Military School of Music—Knaeller Hall performing a programme of "patriotic music" ending with Chalkovsky's 1812 Overture. A concert by the Hilliard Ensemble with Phil Pickett, Nigel North, Michael Laird, Paul Neman and Steve Saunders will have the singers and players in costume of the Tudor period and the Cathedral will be entirely lit with candles. The Chichester Cathedral Choir with a wind ensemble from the Royal College of Music will give a concert of "Music for a Summer's Evening" on the lawns within the Cathedral's beautiful cloisters.

For Janet Baker's recital, the Festivities have commissioned Sir Lennox Berkeley to write a work to be dedicated to the Dean of Chichester, the Very Reverend Walter Hussey, who retires in August.

A group of actors from last year's Chichester Festival Theatre Company have formed their own company, New Ventures, and staged a series of late night plays; during the 902 Festivities they will perform at the Dolphin and Anchor Hotel, presenting a musical documentary about the part that Tang-

mere played in the Battle of Britain.

There will be an exhibition of surrealist paintings by Rene Magritte and Leonora Carrington at Chichester's new Centre of Arts.

Outdoor activities include a daily programme of lunchtime entertainment on the Cathedral green and at night, an outdoor stage will be built in the grounds of the Chichester Festival Theatre—after 10 p.m. entertainment will be provided by steel bands, jazz bands and folk groups.

A special Children's Day will combine with the City of Chichester's Jubilee Celebrations under the auspices of the City Council, all of which comprise a massive event to take place in Oaklands Park. Action Space, Spaceplace, Jules Baker and the Shoreham Youth Workshop will exhibit dozens of "inflatables" ranging from vast cathedral-like complexes to sixty-foot serpents.

The cost of the Festivities will be around £40,000 and the organisers expressed their gratitude to the Arts Council, local authorities and companies like IBM, Midland Bank, Nat West, Trustees Savings Bank, Amalgamated Industries, Metropolitan Pensions Association, Dexam International Radio, Victor and Andy Montgomery for their generous support. D.P.

**Who builds more jet engines and elevators than anyone else in the world?**

EUROPEAN NEWS

Andreotti meets unions on wage indexation formula

BY DOMINICK J. COYLE

ROME, March 28

THE ITALIAN Prime Minister, Sig. Giulio Andreotti, was meeting today with representatives of the three big union confederations...

ing Letter of Intent calls for measures to hold down the rise in labour costs this year. However, the Government's package agreed with the unions...

The opposition of the unions to "sterilisation" is supported generally by both the Communist and Socialist parties...

U.K. aims for early decision on AWACS

By Malcolm Rutherford

THE BRITISH GOVERNMENT hopes to take a decision on an airborne early warning system within days rather than weeks...

It is still not clear, however, whether the decision will be in favour of the British system based on the Hawker Siddeley Nimrod...

The domestic pressures in favour of Nimrod are now considerable and come from both Labour and Conservative parties...

Lisbon makes formal application to join European Community

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, March 28

PORTUGAL today formally applied to join the Common Market, amid indications that member governments are becoming increasingly disturbed about the problems involved in further enlargement...

The application, addressed to the British Foreign Secretary, Dr. David Owen, was handed to Britain's Ambassador to the EEC, Sir Donald Maitland, by the Portuguese Ambassador...

PORTUGUESE industry is slowly recovering from the slump it suffered during the 1975 revolution, according to official statistics...

expected to review the whole question of further enlargement, including the admission of Greece and Spain, in greater detail at informal talks to be held at Leeds Castle in Kent in May...

While all nine EEC governments have publicly agreed that it is politically necessary not to rebuff Portugal's request, there are increasing signs of concern about problems of integrating its backward economy into the Community...

At last week-end's "summit" meeting of EEC heads of government in Rome, President Giscard d'Estaing of France stressed a point of emphasis at a Press conference that further enlargement of the EEC would have to be preceded by changes in the Common Agricultural Policy and by a re-examination of the institutional workings of the Community...

Dutch Cabine to stay until p...

until p...

The outgoing Dutch cabinet will continue in office until a general election is held in June...

Mr. Franz Jochen Strauß, leader of the West German Christian Democratic Party, said yesterday...

Mr. Roy Jenkins of the European Commission is expected to go to Washington to see President Carter...

Austria's consumer price index rose 1.7 per cent in March, making it the same month as last year...

Cyprus teams Greek Cypriot and Turkish Cypriot negotiators separately yesterday to Vienna...

Poll change mooted in France

BY DAVID CURRY

PARIS, March 28

A NUMBER of Government Ministers have, since the ruling coalition's setback at the local elections, started floating the idea of a return to proportional representation in France...

Perronet. All three parties are members of the ruling coalition. The last vestiges of proportional representation in France...

vote pulling-power. The Socialists would probably not be hostile to a proportional system which overcame the present over-representation of the rural conservative vote...

Electoral reform was mooted first by M. Olivier Stirn, Minister in charge of Overseas Territories, a refugee from M. Chirac's Gaullists and now head of the minuscule Liberal Party...

seats in the current Assembly from the 473 metropolitan constituencies to 473 seats in the current Assembly from the 473 metropolitan constituencies...

French fishermen protesting against industrial pollution of their Normandy fishing grounds, strung some 50 trawlers across the entrance of Le Havre's outer harbour yesterday...

Nine under pressure to choose JET sit

BY OUR OWN CORRESPONDENT

BRUSSELS

MINISTERS from the nine Common Market countries will be under pressure at Council meetings here to-morrow to finally decide on at least two major Community energy projects...

now becoming urgent because funding for the JET design team is due to run out at the end of this month...

Dr. Guido Brunner, the EEC Commissioner for Research and Energy, who has put in much of his time since he took office in January...

The Commission is clear that it must be prepared to discuss Britain's MSP at length at the end of the month...

One of these is the siting of the JET, the EEC's thermonuclear fusion project, which has been the subject of bargaining for the past 18 months...

Culham's only rival is the Karlsruhe facility in Germany, the only other site in the EEC with substantial experience in plasma physics research...

A decision on the JET site would also open the way for approval of a budget totalling 346m units of account...

The need for a final decision is becoming more acute as the project's budget is now being shared by the nine member states...

50 Avenue Foch advertisement. Includes text: 'Would you like to live on Avenue Foch in Paris?', 'Habitat Avenue Foch à Paris?', 'Le cinquantaine. Au numéro cinquante, s'édifie un ensemble nouveau et très fidèle à l'avenue Foch...' and contact information for SFGI.

DANISH DEFENCE SPENDING

Four more years of peace

BY HILARY BARNES

THE DANISH Parliament has approved a four-year extension of the defence budget. Although NATO Secretary-General, Dr. Joseph Luns, has pointed out that the decision—taken on Friday by 129-25 votes—falls far short of the target...

herance the budgetary resources will still be too slim to fulfil the force and mission goals which were laid down by the 1973 defence agreement...

appearing since January 30. The printers have been an unofficial strike and the labour court has twice ordered them back to work as well as fining them and their union...

An interesting development in the wake of the 1975 agreement and the poll concluded as regards the issue of the increasing size of the Home Guard...

NATO, in fact, is now in the habit of holding up Danish defence spending arrangements as worthy of emulation by other members of the alliance—a remarkable reversal of the general scepticism with which Danish defence policies were generally regarded only a few years ago...

MORE than a thousand printers and other technical staff at the Berlingske Tidende newspaper publishing house were sacked yesterday, writes Hilary Barnes. This is the latest escalation of the labour conflict which has prevented Berlingske Tidende and its stable companion FT, two of Denmark's biggest newspapers, from...

Communist, Socialist People's Party, and the Left Socialists voted against, together with the Radicals. The decline of Radical influence is a point of some interest. The party has an anti-militarist tradition and voted against NATO membership in 1949...

Where NATO and the Chiefs of Staff have been the cause of dissatisfaction is a level of spending and of armaments which have since the 1973 force level agreement been reduced...

But there are some additional items which will in fact push the budget up slightly and will to some extent benefit the standing defence forces. These are an extra Kr.117m. to contribute to a reform of the system by which conscripts are paid, an extra Kr.8m. a year for the home guard, and additional funds for fisheries inspection duties...

That is not yet clear what the extra money for fisheries inspection will be used for, but it will enable the navy to utilise its vessels more fully than at present and may involve the purchase of extra helicopters...

After the 1973 election, which returned ten parties to the Parliament, the Radicals lost their pivotal position. In January of this year the Social Democrats won the election, playing true to the old tradition and were refusing to sign a new agreement without Radical support...

That changed after the election in February when the Radicals suffered a heavy setback. Their demands for spending cuts, and however, are in the paradoxical position of having supported the agreement before it came to the floor of the Parliament, but then deciding to vote against it...

These benefits will be perpetuated for a further four years from April 1. If the defence staff will nevertheless still only be partially satisfied, it is...

The new agreement is between the same four parties which made the 1973 agreement: the Social Democrats, the Liberal, Conservative and Radical. The Radicals, however, are in the paradoxical position of having supported the agreement before it came to the floor of the Parliament, but then deciding to vote against it...

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AUTHORS WANTED BY N.Y. PUBLISHER. Leading book publisher seeks...

huge blow... then roof of aircraft fell in



# in Am, KLM ent on how ash occurred

FOREIGN STAFF

World Airways refused to speculate about the possible cause of the worst-ever air crash for KLM. The previous crash, involving 18 deaths, occurred in 1961.

A three-man investigating team of the Dutch civil aviation authority and a six-man KLM team started work at Santa Cruz yesterday morning.

A spokesman for the Dutch pilots' association said that Tenerife airport did not have a bad safety record, a view which was also given by KLM officials.

Mr. Orlandini said that it had not yet been decided what would happen with the bodies, which would have to be identified first by a team of Dutch officials. After that, they could either be buried at Tenerife or shipped to Las Palmas and then flown back to Holland.

This afternoon the airline published a full list of the 228 killed passengers, who included three Americans, two Germans, two Americans and the 14 crew.

Last night and throughout today, Dutch radio put on solemn programmes, while the mass demonstration organised by the Labour Party in Rotterdam last night to protest against the collapse of the Cabinet last week was called off.

# Yet somehow, 15 walked away unhurt

TENERIFE, March 28.

JUST FIFTEEN passengers were on the island today to arrange for their transport back to the U.S.

No one survived from the Pan Am 747 jumbo jet at Los Rodeos Airport in the holiday island of Tenerife out of the 851 who had boarded the aircraft in the U.S.

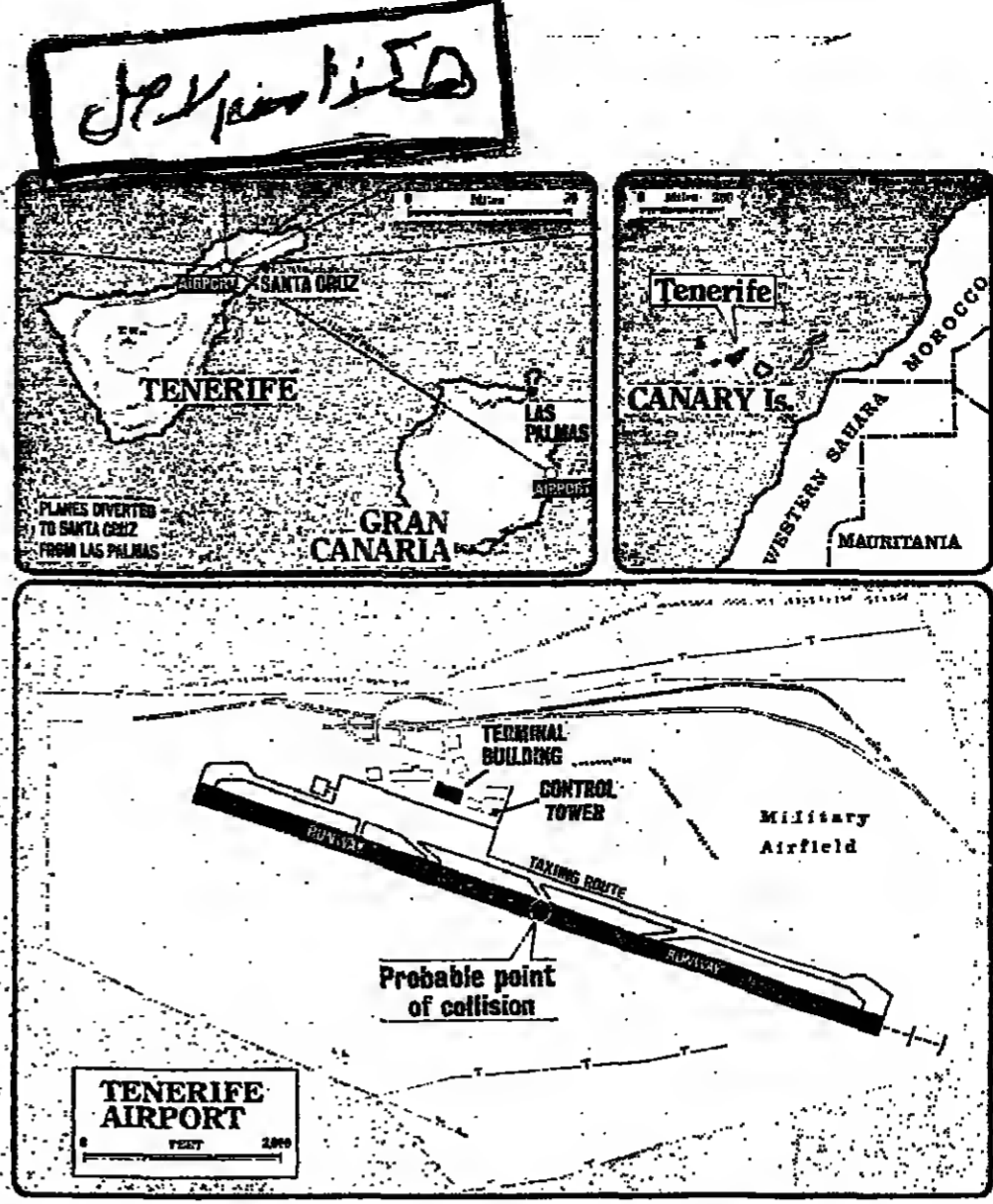
To-day they were recovering under medical supervision at a luxury hotel in the town of Santa Cruz, some of them still too stunned to begin telling the story of their escape.

Mr. Jim Naik, who comes from near San Francisco, told of a huge blow on the aircraft followed by the roof of the aircraft falling in. He said there was then a terrible explosion, and several smaller ones. His wife also escaped death but is in hospital with serious burns and fractures.

Mr. Juan Murillo Rivas, a Spanish Pan-Am executive, who had been in the cockpit, said they were jolted by a crash from the rear and then fire spread quickly from the back of the plane. "We saw one woman trying to get out but the fire kept us from getting near her," he said.

Another survivor, a 20-year-old girl from Los Angeles, said the collision occurred without warning. "I felt a pressure and heard the sound of the crash and things were falling on top of me," she said. As the survivors staggered from the flaming wreckage, Spaniards at the airport rushed out to help. "The people at the airport gave us money and tea and everything," she said. The girl, who asked not to be identified, said her father was killed in the crash, but she and her mother were able to reach safety.

Many of the American victims were pensioners about to set off on an Atlantic cruise for which they had paid \$1,800. American embassy and consular officials



PILOTS GENERALLY agree that Los Rodeos airport in Santa Cruz de Tenerife is poorly situated. Built on a 2,000-foot high plateau, it is subject to sudden weather changes and the descent of low-lying clouds which regularly suspends operations for hours at a time. It is also exposed to dangerous, sudden crosswinds such as those which led to the crash on Sunday.

The problem is recognised by the island authorities who, after the 1972 crash, had plans drawn up for a new airport on the south of the island where the weather is more suitable.

Although it has not been suggested that the airport lacks adequate air traffic control equipment, it has been claimed in some quarters that poor

visibility was a major factor in Sunday's crash.

According to the Spanish national news agency Chira, Captain Victor S. Grubbs, the captain of the Pan Am jet involved in the crash, blamed ground fog for the collision: "We did not see anything until it happened," he was quoted as saying. But International Air Transport Association President Sr. Mamet del Prado y Colon, asked about the role of ground fog in the accident, told a news conference "visibility was not below accepted minimum standards."

Despite the regular criticism of the airport's meteorological conditions, experts consider these acceptable if proper care is exercised, such as the observation of such minimum visibility standards.

Apart from the 1972 crash there have been three major air accidents on the island:

1968: Spantax DC-3. One dead.

1967: Spantax DC-9. 31 dead.

1965: Iberia Snper Constellation. Crashed into airport equipment on the runway. 60 dead.

Los Rodeos carries an important part of the holiday air traffic arriving and leaving the Canary Islands and its runway meets the conditions necessary for jumbo jets. The number of air traffic controllers on duty yesterday is said by the authorities to have been "adequate."

In Washington, a spokesman for the Airline Pilot's Association International, the largest pilots' group in the U.S., said that the Tenerife airport was not on any U.S. airline's regular run, and that consequently there never had been any official evaluations as to its safety. He refused all comment on the crash.

# 'We did warn you,' declare terrorists

By Roger Matthews  
MADRID, March 28.

THE FACT that both Jumbo jets found themselves diverted yesterday afternoon to Tenerife was due to a bomb explosion shortly after 1 p.m. in the airport building at Las Palmas, their destination.

One person was seriously injured and another seven slightly hurt when the time bomb went off in a flower shop on the first floor of the airport building. Responsibility has been claimed by the increasingly active Movement for the Self-Determination and Independence of the Canary Isles (MFAIC).

"We are at war with Spain and these are the consequences," said a spokesman from the movement speaking to-day from Algiers. He recalled that several months ago the MFAIC had warned tourists about the danger of visiting the islands.

However, he denied absolutely that the independence movement had anything to do with the disaster. The movement would be temporarily lifting its operations before resuming the "armed struggle" which, he extended to the Spanish mainland.

The Canary Islands have been the scene of repeated clashes between demonstrators and riot police in recent months. Much of the unrest stems from the handing over more than a year ago of the former Spanish Sahara to Morocco and Mauritania.

The Sahara had important economic links with the Canaries while those Saharans who were bitterly opposed to the "sell out" either came to live in the Canaries or went to join the guerrillas of the Frente Polisario, the Algerian backed group which is fighting for the independence of the Sahara and has been involved in frequent clashes with regular Moroccan troops.

# almost happened in Chicago

PALMER

THE confusion existed out the accident, air-traffic controllers have already similarity between it and an almost identical one that occurred in Chicago's O'Hare Airport.

On the occasion an aircraft took off, saw the Delta Air North Central Airlines

was cleared to take off at the same time that the Delta Airlines DC8 was cleared to leave the taxiway and cross the runway.

Visibility was estimated to be no more than 50 yards when the North Central aircraft, coming down the runway at just short of takeoff speed, saw the Delta aircraft dead in front. The North

Central pilot, despite his slow speed, managed to pull his aircraft into the air and "hop" over the back of the Delta aircraft.

The tail section of the North Central plane did hit the Delta aircraft, but fatalities were few. The North Central pilot was awarded a medal for his skill.

# WORKS (1936) LIMITED

Incorporated in the Republic of South Africa

**CHAIRMAN'S STATEMENT**

For the six months ended 31st December, 1976 earnings disappointing 8.5 cents per share. Trading conditions difficult and are expected to be worse during the six months ended 30th June, 1977, so that only a profit can be expected during that period.

Plant Mouldings (Pty) Limited sustained a large loss - operations have been reduced drastically.

Its S.A. Limited had a difficult time due to a sharp fall in the cost of raw materials. This was met by a retortment in production levels. All possible steps taken to reduce overheads.

Profits of Dodo Shoe Company Limited fell substantially.

Board has employed an internationally renowned consultants to examine problem areas, to help in the operation of the Group, to advise on cost savings and increase the Group's market penetration.

Group liquidity is satisfactory and stock levels are in the prevailing business conditions.

Management and the Board are fully alive to the facing the shoe industry generally and the Group's particular and are giving constant attention to these.

In accordance with the Board's conservative dividend policy, reduced interim dividend of 1 cent per share has been declared.

B. DODO,  
Chairman

March 1977

B. Dodo, U. M. Simon, M. M. Dodo, N. J. Dodo, S. M. Michel, L. Krassin, V. G. Bissell. Alternate Director: L.

# Disaster

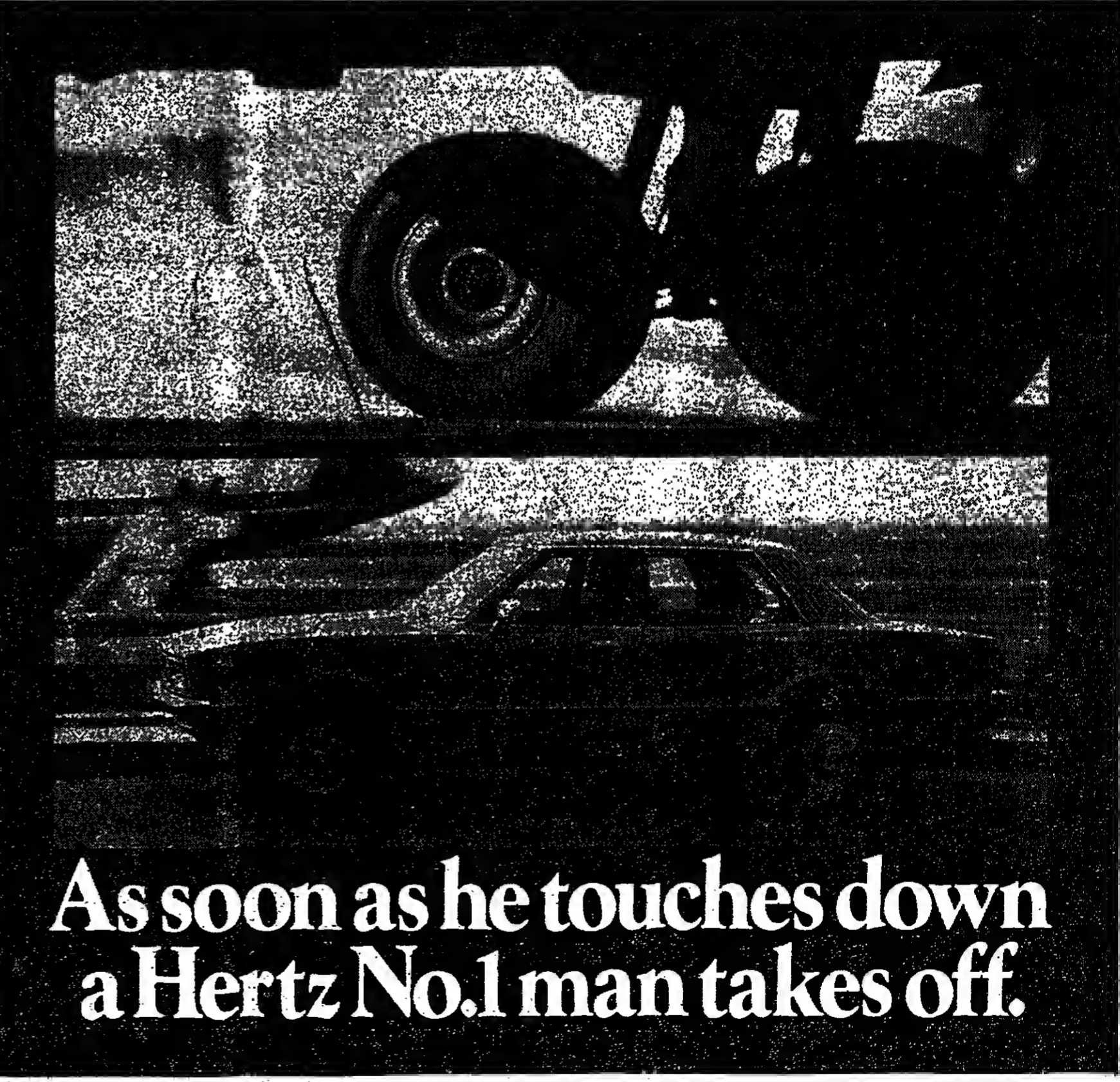
This incident is certainly the worst of any American airline in nearly a year and a half; the most recent air disaster involving a U.S. carrier was in June, 1975, when an Eastern Airlines 727 crashed at John F. Kennedy Airport.

This morning all of America's major airlines refused to comment on what the impact of such a major accident would be on immediate ticket sales. However, it is generally accepted here that sales do drop sharply for any airline involved in an accident after a crash, but usually recover quickly in the weeks afterwards.

# Philippine energy

Philippines moved their watches forward an hour yesterday as the country went into Daylight Saving Time to conserve energy. Miguel Suarez reports from Manila.

The Government expects to save a total of 42m.kWh. of electricity a day. The measure will be in force until June 8. Wide areas of the main island of Luzon have been hit by power blackouts for several weeks.



# As soon as he touches down a Hertz No.1 man takes off.

When you rent a Hertz car, you're a No.1 man instantly. We don't keep you waiting. You want a car? You get it... fast! An economical Ford Fiesta, the new Cortina, Granada or another fine car; thoroughly cleaned, checked and serviced. It's all part of the Hertz service. A service so efficient that only Hertz could offer you the latest innovation in speedy car rental: the Hertz No.1 Club.\*

Being a member of the Hertz No.1 Club means that you won't have to waste time while your rental form is being filled in. It is prepared in advance. Before you leave, you telephone the number below, your travel agent, or your nearest Hertz office. Give your Hertz No.1 Club membership number and your reservation details. Your car will be ready and waiting.

All you do is show your driver's licence and charge card, sign and go. So when you rent cars, rent Hertz and become a No.1 man. And why not do what almost 2 million business people around the world have done: join the Hertz No.1 Club. No introduction is needed, no membership fee. Get your application form for the Hertz No.1 Club at any Hertz counter or office. Or, when you next rent a Hertz car, ask to be enrolled automatically.

Book your rental to any major charge card. Or even easier for you, get a Hertz Charge Card. There are no interest charges. \*In Germany, the Hertz VZP Club.



# The Hertz No.1 Club Phone, sign, and go.

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- BIRMINGHAM 021-643 8991
- GLASGOW 041-248 7733

Who spent nearly \$1 million a day for research and development in 1976?

United starts... Who On its Mars... Guide... gent

AMERICAN NEWS

Venezuela to sign \$1.2bn. Eurocurrency credit deal

BY HUGH O'SHAUGHNESSY

THE REPUBLIC of Venezuela will today sign a seven-year Eurocurrency credit with 111 banks for a total of \$1.2bn. Interest will be 1 per cent over London Interbank Offered Rate. The money will be used to help finance a number of public sector projects scheduled to be carried out under the 1976-80 development plan.

Venezuelan state for the foreseeable future. The credit would go to finance the raising of Venezuela's steel-making capacity from 1.2m. to 5m. tonnes a year, the tripling of electricity generating capacity to 12m.kw., the expansion of aluminium production from 50,000 to 400,000 tonnes a year and similar major plans.

President of the Central Bank added likewise that, though the national accounts registered a \$286m. balance of payments deficit, this figure took no account of the \$700m. in foreign exchange that is in the hands of Petroleos de Venezuela, the state oil holding company. Looking to the future, Dr. Constantino Quere Morales, President of the FIV, said that Venezuela was confident that pressure of world demand for oil would continue at a high level. We are building up our productive capacity in order to be able to meet this new demand," he commented.

Record monthly U.S. trade deficit

By Our Own Correspondent

WASHINGTON, March 28. THE U.S. trade deficit last month at \$1.87bn. was the largest ever recorded and once again reflected the price the U.S. is paying as oil imports continue to mount. Last month's oil alone cost the nation \$222m. some \$180m. more than the month before. The rise partly reflected increased demand and partly the fact that prices increased by about 4 per cent in the period.

Bhutto may lift emergency if opposition takes seats

BY DAVID HOUSEGO, ASIA CORRESPONDENT

ISLAMABAD, March 28

MR. ZULFIKAR ALI BHUTTO, the Pakistan Prime Minister, has offered to lift the state of emergency if the opposition would agree to refrain from violence and take its seats in the National Assembly. The offer—apparently an implicit promise to the Government of the Opposition—was made by Mr. Bhutto to break the political deadlock which has resulted from the refusal of the opposition Pakistan National Alliance (PNA) to accept the result of the general elections this month.

In public at least, Mr. Bhutto has indicated that he will not lift the state of emergency if the opposition would agree to refrain from violence and take its seats in the National Assembly. The offer—apparently an implicit promise to the Government of the Opposition—was made by Mr. Bhutto to break the political deadlock which has resulted from the refusal of the opposition Pakistan National Alliance (PNA) to accept the result of the general elections this month.

promise of judicial tribunals to look into complaints. Mr. Bhutto, however, made no major new political initiative. He had been anticipated yesterday by the Prime Minister to-night from the stance of the opposition was through established legal procedures, the government was seeking to establish once and for all in Pakistan that street agitation could not bring about political change. In the minds of both Mr. Bhutto and his opponents the memory that his opponents brought about the downfall of former President Ayub Khan. The officials maintained that the PNA could not sustain the momentum of its campaign and that there was a reasonable chance that some of the opposition leaders would accept a dialogue. It is by no means an unmanageable situation," they said, adding that parallels with the situation in India places there might have been by the locking up of opposition leaders and repeated his leaders were invalid.

Jana starts prom undo dama

By Our Own

NEW DELHI. THE NEW Government to-day restore the full freedoms and freedoms regarding the press. The Government has also announced a draconian Internal Security under which thousands will be arrested. Giving the benefit of the doubt to the acting president Jatti told a job two Houses of among the Ael was that place action of the Government of the Prime Minister or set would be judicial inquiry of the Press Jatti would in. The Government plans to attain "to balance between and the Judiciary and the executive and the Government founding the situation had a brief. The Government undo the dama constitution by. Mr. Jatti re-announced a programme of participation in finally voluntary granules become part of a camp covering education family and the Government remove the 1974 years and in of the rural set. The Government foreign policy on friendly neighbours and the world's economy and will follow a non-alignment Minister is seeking a way to the regular budget in May, and the possibility of budget papers. The Government should show itself (about 1500) gap would mean heavy additional country has ever. Government is existing. check deficit.

Carter prepares for energy row

BY DAVID BELL

WASHINGTON, March 28.

PRESIDENT CARTER'S new energy policy, to be unveiled formally on April 20, is expected to propose a number of far-reaching measures, including a major energy conservation programme, mandatory insulation of homes and offices, and the prohibition of the use of oil or natural gas in new power plants. These are just some of the proposals now being worked out by James Schlesinger, the President's energy adviser, who saw Mr. Carter today to give him a progress report on the new plans.

but they will have the effect of preparing the ground in Congress and in the nation as a whole. The first aim of the new package will be to try to force a change in energy consumption patterns. The price of oil and natural gas will probably be de-regulated, and there may also be a move to abolish the present distinction between the prices of natural gas within states and the lower price charged for gas which crosses state lines.

At the same time, there is likely to be a rise in the federal tax on petrol, although not by as much as 25 cents as was once suggested. Along with this increase, there is expected to be a stiff new tax, perhaps as much as \$500, on large cars which do not meet certain fuel usage standards which are to be laid down. This plan may be accompanied by a corresponding rebate on smaller cars, and there is also a plan to apply some kind of penalty to present owners of large cars, possibly through a federal tax on owners of cars above a certain size. The amount of this tax would vary according to the size of the car.

Record monthly U.S. trade deficit

By Our Own Correspondent

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New directions in Indian politics Hurdles lie ahead

BY K. K. SHARMA IN NEW DELHI

INDIA'S Prime Minister, Morarji Desai, had to scrape the bottom of the barrel to find at least one minister from the south for his Government cabinet. But this does not tackle the basic issues. The Jana Sangh favours a strong centre, as it has for the past 30 years, and has suggested that all State boundaries be scrapped and replaced by four zones. Can the Jana Sangh, a dominant group in the Jana Party, easily forget this when the southern Congress States start making war cries?

This is probably why Mr. Desai wants elections to State legislatures held quickly, even though most of them are not due for a year; he obviously hopes that the Jana Party will oust the Congress Governments in nearly all the States. The central Government will require a minimum political manoeuvring to get the Governments to agree voluntarily to early elections to State legislatures, or to topple them by defections from the Congress. Sources close to Desai say he wants State elections completed before the monsoon sets in. Obviously he is also thinking of the Indian presidential election in August. The President is elected by members of Parliament and by the State legislatures. Under their present composition the Jana candidate would lose. Linked to the presidential election is the Jana commitment to restore the constitution to its original democratic structure. But this requires two-thirds majority in both houses of the parliament and ratification by the States.

Mr. Desai is probably hoping to mention the need to maintain the autonomy of the States, but this does not tackle the basic issues. The Jana Sangh favours a strong centre, as it has for the past 30 years, and has suggested that all State boundaries be scrapped and replaced by four zones. Can the Jana Sangh, a dominant group in the Jana Party, easily forget this when the southern Congress States start making war cries?

Court ruling aids pay-TV

BY JAY PALMER

NEW YORK, March 28.

AMERICA'S fast-growing pay television industry received a shot in the arm from a Federal Appeals Court ruling that effectively orders the U.S. Federal Communications Commission (FCC) to reconsider and repeal orders limiting and restraining coverage. Unless reversed by either the Supreme Court or Congress, the court decision will inevitably open the way for pay-TV networks to show both older feature films and live sports events, if they can effectively exercise their right of commercial networks. Specifically, the court ruled that the FCC would have great difficulty in justifying their current restraints on the permitted subject coverage of pay-TV. These restraints were designed to prohibit the networks from siphoning off programmes now shown commercially.

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MAC raises exchange offer

By Our Own Correspondent

NEW YORK, March 28. NEW YORK City's Municipal Employees Association (MAC), encouraged by an unexpected public response, this morning opted to increase the size of its exchange offer to \$400m. from the initial \$250m. The MAC exchange offer, one of the key elements of the city's attempt to raise enough cash to pay off its \$1bn. short-term debt, began last Friday. Before it started, there was considerable speculation that public response would be nil. Under the terms of the MAC deal, public holders of city debt have been asked to exchange their investments on a dollar-for-dollar basis for high yielding 9 per cent 15 year MAC bonds. The legislative moratorium on all payments on the city debt imposed in November 1975 was reversed last year by an appeals court, precipitating this repayment crisis. Officials at MAC said that the public response to the offer last Friday was very strong. Under the city's rescue plan, the MAC exchange was generally considered to be the weakest element in a new package. But the keystone public response, New York City will effectively be able to retain in its coffers at least \$150m. that it would otherwise have had to pay out.

Trounced

By Our Own Correspondent

A secessionist movement actually began in Madras; it has remained latent for over a decade but if Mr. Desai is unable to maintain the delicate balance between the centre and states, the separatist tendencies could easily erupt again. Congress was trounced so badly in the northern belt that its present parliamentary party is composed almost entirely of southern members. Hence when the Lok Sabha (Lower House of Parliament) began its first session last week, the regional nature of both Janata and Congress parties was ominously apparent. The treasury benches were filled almost entirely by members from Northern states and the opposition by southerners. Such a geographical division is full of dangerous possibilities and Mr. Desai must be keenly aware that keeping the country united should have top priority. This will not be easy. The Janata Party is ostensibly united but its four constituent units are a clash of personalities, and the original members of the cabinet were carefully chosen to give an equal share to members of the Hindu Nationalist Lok Dal (Indian Peoples' Party) and the old Congress and the Socialists. Mr. Desai's economic policy has joined the government, pence, Mozambique has moved noticeably closer to Moscow, which provided the ruling Front and Mr. Sam Nujoma, President of the South-West Africa People's Association (SWAPO) met Soviet President Nikolai Podgorny at the Soviet Embassy here today, apparently to discuss the future of the guerrilla war in which both organisations are involved. No statement was issued immediately after the two-hour meeting, but observers recalled that President Podgorny had promised all necessary assistance to the nationalists. It was heavily likely that today's meeting would cover the extent and terms for new assistance in the guerrilla war against South African control of Namibia (South-west Africa) and Rhodesia's white minority government. Tomorrow, Mr. Podgorny flies to Mozambique on the final leg of his tour. He is expected to be in the U.K. after his arrival, and an important topic likely to be Soviet aid. In the 21 months since independence, Mozambique has moved noticeably closer to Moscow, which provided the ruling Front and Mr. Sam Nujoma, President of the South-West Africa People's Association (SWAPO) met Soviet President Nikolai Podgorny at the Soviet Embassy here today, apparently to discuss the future of the guerrilla war in which both organisations are involved. No statement was issued immediately after the two-hour meeting, but observers recalled that President Podgorny had promised all necessary assistance to the nationalists. 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WORLD TRADE NEWS

Emergency seats decline

AMSTERDAM, March 28. DUTCH natural gas onshore and offshore, and unproven—amounted to 6.9bn. cubic metres on 1. 1977, of which the onshore Groningen field for 1,770.9bn. cubic metres according to State Gas Service (SGS) figures by The Dutch Economics Ministry.

Figures reveal that for the first time since the giant Dutch discovery in the late 1960s, reserves actually dropped. The ministry added that of the reserves, only 376.4bn. cubic metres are found in the Dutch of the Groningen field still for around three-quarters of total Dutch reserves, exports about half of production to several countries such as Belgium, Germany and Italy.

Industry, publishing a letter to Parliament otherwise confidential on the SGS, added that production has so far fallen on the most promising reserves. But, with a few of the gas fields located are only been of a very size, it is added. Ministry added in the at regular additions to reserves from major finds in the past years, these "considered non-realistic."

It is added that, compared with on January 1, 1976, Dutch reserves have declined at least 3 per cent, or 180bn. cubic metres. Onshore reserves declined by 108bn. M3, while the Shelf reserves went out 27bn. M3.

The main cause of the decline in "last reserves is the year's production which was high at 47bn. M3.

GS pointed out in its the Ministry that the "ably constant" character reserves in the period as now come to an end. "to its natural gas output is now the only market country besides man which enjoys a payments surplus.

expects sales rise. PORTS to Holland are to exceed the \$5bn. the current year according to annual report of the Chamber of Commerce of the Netherlands. Ex-Holland should rise by 10 per cent this year. It forecast, however, report published by the Hague over the says that U.S. exports reached \$4.6bn. in increase of over 11 per cent the year before. Among registering substantial were nickel (100 per cent), chemicals (up 37 per cent), sports of aircraft, which heavily declined by 11 to \$1.9bn.

exports to the U.S.—petroleum products—\$1.4bn., so that the plus in favour of the again reached a new level of about \$3.5bn. Chamber points out, largest with any trade of the U.S. It also added, that the rate of the to the dollar hampers pettiveness of Dutch in the U.S. market. American Chamber combat whereas prospects rather developments of ween the two countries continue to be good. Its attractiveness for stment has considerably rd." It particularly to proposed legislation according to the American layers in Holland, who biggest group of foreign here, would "lead to control and managerial in business decisions." ing the uncertainties utch social and political this election year, the s officers also point out according to official the cost of labour in has continued to in- 1976 not only at a gher ratio than produc- even more than the cost of living.

United Arab shipping line starts up this week

BY ROY ROGERS. A POTENTIALLY major development in Middle East shipping moves ahead this week with the inauguration of the United Arab Shipping Company (UASC).

Based initially on the management and vessels of the Kuwait Shipping Company, which it replaces from April 1, the UASC is backed by six Gulf States.

Its main declared aim is to develop a Pan-Arab shipping capability to handle a growing share of the booming dry cargo trade to and from the Gulf.

UASC was formally incorporated last July when it was greeted with considerable scepticism in shipping circles. Launching of the new company—the six partners have already subscribed over \$600m. — \$1.65bn. authorised capital—should silence the critics.

But the fact that the Iranis, while taking a substantial share in the new venture, are continuing with their national shipping lines, would appear to indicate that their support is less than total.

The UASC fleet will comprise 37 vessels currently owned by Kuwait Shipping and a further 24 ships on order from Scottish (Govan) and South Korean (Kiyunai) shipyards for Kuwait Shipping.

At present, no other Gulf State is supplying any vessels. But the financing of the new concern is by way of five equal shares of 19.3 per cent, from the United Arab Emirates, Iraq, Qatar, Kuwait and Saudi Arabia, with the remainder coming from Bahrain.

Presently Kuwait Shipping trades between the Gulf and Europe, Japan and the U.S. This trade will form the basis of the new company's activities although the possibility of expanding into container and roll-on/roll-off traffic is being considered.

A spokesman for Kuwait Shipping underlined yesterday that the new line would continue to operate on "a strictly commercial basis" through the appropriate shipping conferences. This may allay the fears of some shipping lines who believed that the Gulf States might be moving towards some scheme of preferential treatment for Arab lines.

Scott Lithgow contract

BY OUR SHIPPING CORRESPONDENT

SCOTT LITHGOW, the Lower Clyde-side shipbuilder, has been awarded a £15m. contract for a passenger and cargo ferry by the Gambian Government.

The vessel will be built at the company's Ferguson Brothers yard which specialises in small ferries, and will be delivered in May 1978. Mr. Ross Bethel, Scott Lithgow's managing director, described the order yesterday as

"an important addition to our building programme." With accommodation for 152 deck and cabin passengers, the ship is designed to operate on the Gambia River between Banjul on the Atlantic Coast and Basse. Up to £1m. of the building price is being funded by the Ministry of Overseas Development as part of Britain's aid programme to Gambia.

Japan and U.S. plan TV talks

TOKYO, March 28. THE JAPANESE Ministry of International Trade and Industry (MITI) said Japan will propose early this week that it and the U.S. hold Government level talks in Tokyo on Japan's colour television exports to the U.S.

It said agreement to hold the talks was reached between Prime Minister Takeo Fukuda and President Carter during their discussions last week.

Toshihiko Yano, director of the international trade bureau of the Ministry, said that the two countries would find a solution to the issue in a relatively short period.

He said the U.S. wanted to settle the issue before May 21 which is the deadline for President Carter's ruling on the U.S. International Trade Commission's recommendation.

The Commission has recommended raising import duties on colour TVs to 35 per cent, from 5 per cent, to protect the U.S. market. Japan last year exported 2.65m. colour TV sets to the U.S.

Agencies. Japanese February vehicle exports rose 6.2 per cent to 232,548 from 219,572 in January and 10 per cent from 294,116 in February last year. The Automobile Manufacturers' Association said. The February total comprised 226,639 cars, 95,170 trucks and 1,688 buses. Exports to the U.S. declined 8.5 per cent to 120,433 from a year before, while those to the EEC rose 12.2 per cent to 42,480 units. Out of the total to the EEC, those to the U.K. were 13,181 units, compared to 18,137 in January and 9,210 in February last year. The association said.

Missions to the Midlands

By Peter Cornwright. TWO HIGH-POWERED Japanese trade missions concentrate in the Midlands this week to promote more exports from the heartland of British industry.

A Japanese task force of 17 leading industrialists begins its U.K. tour in Birmingham today by giving British industrialists tips on how to succeed in their home market in Japan. They will be visiting two worldwide exporters in Rolls-Royce at Ansty, near Coventry, where the aero engines are converted for marine propulsion and a power generation, and the J. C. Bamford earth mover plant at Rocester in Staffordshire.

At the same time the Japanese motor vehicle industry representatives will be in the area checking off a shopping list of equipment ranging from headlamps and other electrical equipment to carpets, upholstery and instruments. Providing that price, quality and delivery arrangements are acceptable, business could begin to flow in an increasing stream in the next year or two for new model programmes.

Montedison and Petrofina in joint polypropylene project

BY RHYS DAVID

MONTEDISON of Italy and Petrofina of Belgium have now given the go-ahead for their projected 150,000 tonnes per year polypropylene plant to be built at Feytoe near Brussels.

The plant, which will cost B.Fr.6.5bn. (£100m.), will be built in two 75,000 tonnes stages, the first of which will be in operation by 1979, and will be operated by a joint subsidiary of the two companies, Montefina. Petrofina is also proposing to merge Montefina with Belgochim, another jointly owned company on the same site which employs 160 people and produces 60,000 tonnes of polystyrene annually.

The Montefina polypropylene plant will be one of the first to use a new technology, jointly developed by Montedison and Mitsui, the Japanese producer, which is claimed to raise output well above that obtainable with current processes. The technology uses a new, high-speed catalyst which is thought to have overcome one of the principal problems associated with

catalysts—the creation of residues which subsequently have to be removed.

Polypropylene has established itself as the fastest-growing of the major plastic polymers and has found a wide range of applications from carpet backing and extrusions for automotive parts, to packaging film. Usage is predicted to grow at around 15 per cent per year until 1980 and beyond, but Montefina will be bringing its new plant on stream at a time when a large amount of new capacity will be available in Europe.

Total European capacity is put at around 1.5m. tonnes but it is thought that by the early 1980s a further 1m. tonnes will have been added to this. Amoco, the U.S. oil and chemical producer, has recently opened a new 110,000 tonnes plant in Belgium and ICI is currently building a 60,000 tonnes new plant at Rozenburg in the Netherlands. Other producers expanding their polypropylene capacity in Europe include Solvay of Belgium, Hercules of the U.S., and Shell.

Scotch exports rise by 12%

Financial Times Reporter

SCOTCH WHISKY exports in the first two months of 1977 rose 30.6 per cent, in value to £77.4m. and 42 per cent in volume to 14.8m. gallons, compared with the same period last year.

Within the overall total, blended whisky shipped in

bottle showed, a 34.6 per cent. increase in value to £67.5m. and a 17.8 per cent. volume rise to 11m. gallons. Bulk, blended whisky shipments rose 16.6 per cent, in value to just under £7m. while the volume increase was 2.8 per cent. to 2.9m. gallons.

Nippon Steel holds world lead

BY ROY HOODSON

NIPPON STEEL held its position as the western world's biggest steelmaking company in 1976 with production of 34m. tonnes. The Japanese company made 3m. tonnes more than U.S. steel which continued as number two in the world steelmaking league with 25.7m. tonnes.

British Steel held its place as the third highest steelmaker. The State-owned British company made 19.1m. tonnes in 1976 compared with 17.2m. tonnes in 1975, according to the International Iron and Steel Institute which compiles crude steel production figures for companies of some 30 western nations.

The international nature of the steelmaking recession is indicated by the very few changes in the world steelmaking league positions between 1976 and 1977.

The lower-than-forecast production has also robbed British Steel of the opportunity of moving back into profit. The corporation is expected to record a loss of the order of £100m. for 1976-77.

THE TOP TWELVE WESTERN STEELMAKERS

	1976	1975	Ranking in 1975
(m. tonnes)			
(1) Nippon Steel	34	32.5	1
(2) U.S. Steel	25.7	23.9	2
(3) British Steel	19.1	17.2	3
(4) Bethlehem	17.1	15.9	4
(5) Nippon Kokan	14.7	14.7	5
(6) Finsider	13.4	12.9	8
(7) Sumitomo	13.3	13.4	6
(8) Kawasaki	13.3	13.4	7
(9) August Thyssen-Hütte	12.8	12.2	9
(10) National Steel	9.8	7.5	12
(11) Republic Steel	8.7	8.0	10
(12) Usinor	7.9	7.1	14

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HOME NEWS

ICI £35m. fertiliser boost

BY RHYS DAVID, CHEMICALS CORRESPONDENT

A further expansion of ICI's fertiliser manufacturing facilities at Billingham, Cleveland, is in being undertaken by the group at a cost of £35m. to keep pace with increased demand in the 1980s.

A new plant is to be built with an annual capacity of 430,000 tonnes a year of Nitro ammonium nitrate, the basic constituent of nitrogen-hashed fertiliser.

A second, associated plant is also planned to manufacture 250,000 tonnes of nitric acid—a raw material used in ammonium nitrate production. Both plants are due to come on stream in 1978.

ICI, which says the plans show its confidence in the future of British farming, has been criticised recently for its dominance of U.K. fertiliser manufacturing.

One of the smaller U.K. suppliers of nitrogen fertiliser, Thames Nitrogen, is having talks with the Department of Industry to save its plant at Rainham, Essex from permanent closure.

Thames has 8 per cent of the U.K. market, mainly in South-East England, and relies on imported ammonia. Recently its supplier, W. R. Grace of the U.S., increased its price by a sixth.

Thames claims that this increase will make it impossible to compete in the U.K. market against ICI, which manufactures ammonia from natural gas obtained under a favourable long-term contract with the British Gas Corporation.

British Gas has been seeking a revision of this contract, which was negotiated before the oil crisis. A decision is

expected by the middle of the year. The two parties have referred a disagreement over a hardship clause in the contract to an independent arbitrator.

ICI's investment will take advantage of the company's substantial build-up in recent years in ammonia production based on its cheap natural gas supplies. Not long ago the company started up a new ammonia plant at Teesside, which will add a further 300,000 tonnes in capacity.

This will bring total ICI ammonia output to 1.7m. tonnes.

ICI has more than half the total U.K. ammonium nitrate capacity of about 1.5m. tonnes and expects demand to grow more strongly than for the alternative compound fertilisers.

Thames Nitrogen has been calling for Government measures to make supplies of ammonia available to all fertiliser producers at the same price. This would avoid the market distortions caused by the very low ICI gas price.

The company has suggested that the Government should construct a plant based on North Sea gas or that ICI's cheap ammonia should be allocated to all producers in relation to market share.

A new plant to increase production of the sequestering agent ADPA 60A (acetyl-diphosphonic acid) for the U.K. and European markets, has been commissioned by Albright and Wilson at the company's Oldbury complex. It will increase annual capacity by over 250 per cent.

Oil, gas prices to rise in April

By Ray Dafter, Energy Correspondent

FUEL PRICES will rise substantially next month as a result of action taken in the oil and gas industries yesterday.

Esso Petroleum applied for an increase of between 2p and 3p a gallon on the wholesale price of all its fuels. The application is in line with the one submitted by Shell U.K. on Friday. BP Oil is among other companies expected to seek a price rise.

Gas prices will also rise by an average of about 10 per cent on Friday as a result of an order signed yesterday by Mr. Anthony Wedgwood Benn, Energy Secretary.

The adjustment in gas tariffs follows the December emergency package. British Gas was ordered to reduce its borrowings by putting up prices, although the corporation made it clear that, under normal circumstances, it would not justify such a rise at this time.

British Gas will now go ahead with a new tariff structure which should yield an extra £100m a year. Two-tier credit tariffs will be replaced by a single domestic credit tariff.

Competitive

The Gas Corporation maintains that, with other fuel costs rising this summer, gas prices will remain competitive. It claims that the oil industry claims that the competitiveness of gas prices is putting considerable pressure on the prices they can charge where the two fuels compete. Competition is also fierce on the garage forecourt, where oil companies are striving to maintain market shares at a time when petrol sales remain fairly stable.

As a result, it is far from certain that the rises being sought by oil companies will be implemented in full.

Parliament Page 12

Tarling appeal date fixed

By Margaret Reid

MR RICHARD TARLING'S appeal against extradition to Singapore to face charges connected with the conduct of Haw Par Brothers International, of which he was formerly chairman, is to be heard on April 25.

The appeal is to be by way of an application for a writ of habeas corpus. It marks the next stage in Mr. Tarling's fight against the decision by Mr. Kenneth Barraclough, the Chief Metropolitan Magistrate, on January 23, in favour of the Singapore Government's request for his extradition.

Insolvency law committee

Financial Times Reporter

THE INSOLVENCY law committee, set up last October under the chairmanship of Mr. Kenneth Cork, is asking interested parties to submit evidence by June 30. It is part of considering what reforms are necessary. The committee will also examine the possibility of formulating a comprehensive insolvency system covering both personal and corporate insolvency.

Tyne likely HQ for State shipbuilding

By Our Shipping Correspondent  
THE LONG-AWAITED announcement of the location of the headquarters of Britain's newly nationalised shipbuilding industry is expected shortly. Tyne-side now looks likely to house the British Shipbuilders' offices after more than a year of uncertainty during which it seemed certain to be runner-up to Merseyside.

Pardoe warning: adopt our ideas

By Richard Evans, Lobby Editor  
MR JOHN PARDOE, the Liberal economic spokesman, warned Ministers last night that his party would want to see many of their ideas contained in the Queen's Speech for the next session of Parliament in the autumn.

"We give notice to the Government here and now that we have not come along just for the ride—we are in the business to get things done," he said.

Mr. Pardoe insisted, in a speech in North London, that the pact between the Government and the Liberals was more than a survival kit, and if Labour had run out of a legislative programme, the Liberals would have more than enough for both parties.

His comments, clearly aimed at persuading fellow Liberals to realise the significance of the pact, will come as a minor embarrassment to Mr. Callaghan, who still faces some criticism from his Left wing for entering into the agreement. But Ministers accept that the Liberals have to make the maximum impact they can.

After talks with Ministers on the setting up of the machinery for consultation, Mr. David Steel, the Liberal leader, yesterday announced the names of his Shadow administration which will liaise with the Government on a wide range of policies.

There are very few changes from the previous line-up, and Mr. Steel will continue to supervise devolution policy in an attempt to counter adverse reaction in Scotland to the party's opposition to the Government timetable on the Scotland and Wales Bill.

His Shadow administration includes: Race relations: Lord Avebury. Chief services: Lord Banks. Chief Whip and Education: Mr. Alan Beith.

Leader in the Lords: Lord Byers. Northern Ireland and Broadcasting: Mr. Clement Freud. Energy: Mr. Jo Grimmond. Defence and the Law: Mr. Emily Hnoson. Wales and Agriculture: Mr. Geraint Howells.

Scotland and eventually devolution: Mr. Russell Johnston. Without portfolio: Lord Mackie. Treasury: Mr. John Pardoe. Transport and Environment: Mr. David Penhaligon. Housing and Local Government: Mr. Stephen Ross. Prices and Consumer Protection: Baroness Sears.

Employment: Mr. Cyril Smith. Foreign and Commonwealth Affairs: Mr. Jeremy Thorpe. Trade and Industry: Mr. Richard Wainwright. Chief Whip in the Lords: Lord Wainwright. Health: Lord Winstanley.

Big banks call for tax indexation

BY MICHAEL LAFFERTY, CITY STAFF

RENEWED PRESSURE for the indexation of tax allowances, exemptions, tax bands and monetary limits comes from the big London clearing banks in their pre-Budget recommendations. The banks say they recognise the problems facing the Government in times of inflation, but while inflation continues, some

Better-off students will keep grant at increased rate

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ABOUT 19,000 students from better-off families will have an unexpected £50 bonus next year as a by-product of 15 per cent increases in student grants announced by Mrs. Shirley Williams, Secretary for Education, in the Commons yesterday.

The £50 grant for taxpayers' funds will be additional to the relief the Government had already promised to better-off British students on degree and similar courses entitling them to "mandatory" student grants by cancelling from next autumn their obligation to pay tuition fees.

In return for this concession they had until yesterday been expected to lose their minimum grant, at present £30. Mrs. Williams's announcement indicated that instead it will rise to £50.

The Education Secretary has provided relief for middle-income families by raising the limits of residual income, calculated after deductions for such items as mortgage interest and allowances for other dependants, allowed parents

before their student children's grants start to be reduced on a pro rata basis.

Instead of the present £2,700 residual (about £3,900 gross), for the next academic year parents will be allowed £3,200 residual (about £3,900 gross) before their children's maintenance grant falls below the full rates.

These will be for: Students living at home while taking undergraduate or equivalent "mandatory" courses, £785 (at present £675). Similar students living in hall or lodgings elsewhere than London, £1,010 (£875). Similar students living in hall or lodgings in London, £1,145 (£955).

Postgraduate students; corresponding rates of mandatory grant, respectively £1,075 (£925); £1,475 (£1,270); and £1,655 (£1,350). The Government estimates that these increases will raise the total cost of mandatory awards by about £50m to £515m in 1977-78.

The National Union of Students, which yesterday elected 27-year-old Communist Miss Sue Shipman as its first woman president, described the new rates as still "seriously inadequate" for most of its members.

Consultations between the Government and the various interested parties start soon, with a view to making more radical changes in structure as well as rates of the student grant system in future years.

Mrs. Williams announced that the universities will suffer only a 1 per cent reduction in their income for 1977-78, instead of the 4 per cent cut they had feared.

The universities' total recurrent grant for next year, at 1978 survey prices, is to be £562m, with an extra £35.7m for furniture and equipment. Both will be fixed as cash limits.

To give the university sector some basis for longer-term planning, the Government has put forward provisional corresponding figures for the three succeeding years: 1978-79—£566m, plus £38m; 1979-80—£564m, plus £38m; 1980-81—£572m, plus £42m.

Tate tests jungle fruit 1,500 times as sweet as sugar

BY DAVID FISHLICK, SCIENCE EDITOR

TATE AND LYLE may launch a new food sweetener called Talin in North America as a replacement for saccharin, banned this month by the U.S. and Canadian Governments.

Like sugar, the new sweetener is a naturally occurring compound. It is extracted from a jungle plant called Thaumasococcus danieilii which grows widely in West Africa.

Unlike sugar, it is a protein of no caloric value, while weight for weight it is at least 1,500 times as sweet. However, it tends to lose its sweetness in boiling water, ruling out its use in hot drinks.

It could take a further three years of long-term toxicity testing to clear Talin with the U.S. Food and Drug Administration.

The compound must then be extracted and purified, by techniques patented by Tate and Lyle.

Attempts to cultivate the plant under glass at the company's Reading research laboratories have been abandoned. The company peels and dries the one ounce fruits before sending them to Britain for processing at its research centre.

Talin has a unique flavour which can be considerably modified, the researchers have found, or can be used to enhance other flavours. It can be used to sweeten soft drinks.

Tate and Lyle Group Research and Development annual report, PO Box 66, Reading, Berks RG6 2BX.

Road plan assessment 'helpful'

BY IAN HARGREAVES

ATTACKS on the Department of Transport's methods of assessing the cost benefit ratios of new road schemes have aimed at halting the roads programme

rather than improving the technique of assessment, according to the British Road Federation.

The federation, in written evidence to the Leitch Committee on trunk road assessment, says that the present method of assessment and its associated traffic forecasting methods make a helpful contribution to decision-taking.

Its main complaint is that the standard of appraisal applied to trunk road investment is limited, to choosing between road schemes, and is not extended on a consistent basis to all transport schemes or all forms of public expenditure.

The federation says that the method ignores or undervalues some important benefits from

roads, as well as undervaluing certain costs. The present method has the virtue of simplicity.

The key question is not the detail of the assessment system, but the political decisions about the future of transport which underlie it. These should recognize the increasing level of car ownership, and the importance of road freight to the economy.

The Leitch Committee has received more than 50 pieces of written evidence, and will decide before Easter which witnesses it wishes to question orally. Its report will be published in late June.

NHS reorganisation 'used as scapegoat for troubles'

THE THREE-YEAR-OLD NHS quality of care, the "re-organisation of the National Health Service had been used as a scapegoat to explain away

many of the service's problems," the pharmaceutical industry's Office of Health Economics said yesterday.

Empire-building by administrators and excessive bureaucracy, machinery and make for the slow were not really to blame for problems which seriously threatened to undermine the NHS.

Study of city problems

PEOPLE and jobs will continue to move away from inner city areas until they are brought up to the same environmental standards as towns and villages, the Town and Country Planning Association said yesterday.

A report from the association urges a direction of resources to combat the problems of the inner-city areas.

Leyland calls in 290,000 cars that may be faulty

BY TERRY DODSWORTH MOTOR INDUSTRY CORRESPONDENT

ONE OF the biggest U.K. car makers, Leyland, Dolomite, Rover—are being recalled to check for front suspension problems on 290,000 cars between April and June, which could have equipped them.

Most affected are Austin cars 1975 on Allegros, as well as Allegro models. About 180,000, some Chrysler and Ford models, are being recalled for checks on their front suspension rods, materials supplied in Leyland.

Because of signs of metal fatigue, Leyland estimates that the cost of replacing the rods will be about £1.5m. A further 110,000 owners of Austin and Morris 18-22 cars free of the cost of the replacements needed will be replaced at about £1.5m.

Wolseley Sixes, Maxis, Triumph, and other models, which are manufactured in-house, and whose suppliers are between the company and the customer.

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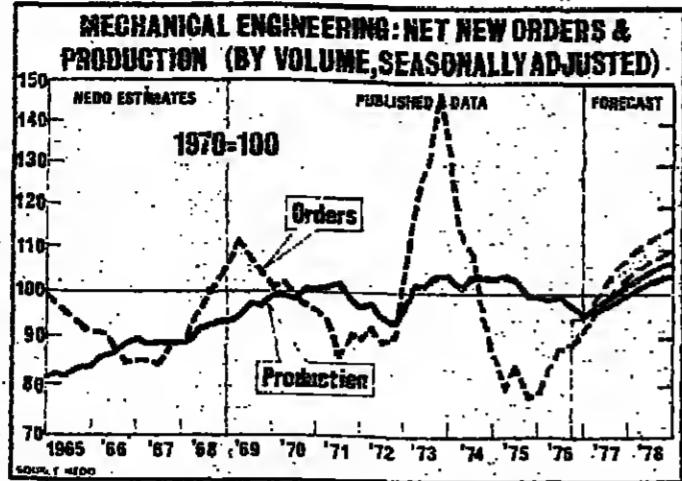
John... 1977

HOME NEWS

Modest growth likely in engineering orders

KENNETH GOODING, INDUSTRIAL CORRESPONDENT

MECHANICAL engineering industry must prepare itself for a modest increase in demand over 18 months...



The increase in demand for mechanical engineering products should be spread widely across manufacturing industry...

Transport It will also tend to reduce the profitability and hence the attractiveness of companies of any major expansion of export business...

Cromarty may start refinery this year

R INVERNESS CORRESPONDENT

CONSTRUCTION WORK on Petroleum's proposed refinery in Scotland is well advanced...

to handle up to 500 ship movements a year was inevitable, he told the conference...

Furniture exports help trade balance by £20m.

ES McDONALD

EXPORTS of furniture manufactures, including exports of estimated £80m. last year...

In 1976, international trade in furniture swung heavily in Britain's favour, with exports exceeding imports by nearly 75% in value terms...

Protecting privacy could be a costly computer cost

VID FISHLOCK, SCIENCE EDITOR

THE need for safeguarding computer installation. He quoted the individual could Mr. John Diebold, the U.S....

If the cost-effectiveness of the various approaches to privacy were studied carefully, it may well turn out that computers cease to be economic for small users...

Nuclear engineers make a start on reprocessing plant

BY DAVID FISHLOCK, SCIENCE EDITOR

NUCLEAR ENGINEERS at Dounreay would remain a permanent hazard even when their useful life was over. The old plant, which had been designed to separate up to a tonne of plutonium a year...

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# Benn firm on need for gas price rise

BY IVOR OWEN, PARLIAMENTARY STAFF

UNDER CLOSE questioning in the Commons yesterday, Mr. Anthony Wedgwood Benn, Energy Secretary, skillfully avoided a direct response to suggestions that it was "too" his initiative that the Cabinet agreed to the 10 per cent. increase in gas prices which will take effect on April 1.

# Poll puts Tories ahead at Stechford

By Rupert Cornwell, Lobby Staff

THE CONSERVATIVES seem well placed to bring off a half's breadth but a sensational victory in Thursday's bye-election at Stechford, the Birmingham constituency held for 26 years by Mr. Roy Jenkins, now President of the EEC Commission in Brussels.

# Defence policy 'a gutless animal' - Churchill

BRITAIN'S DEFENCE policy was denounced as a "gutless animal" by Mr. Winston Churchill, a Conservative defence spokesman, yesterday.

In a Commons attack, Mr. Churchill claimed that the policy had "no muscle, no brain, no wish, no blood, no limbs, no heart, no life support system, and no guts."

# Foot urged to reveal pact details

MR. MICHAEL FOOT, leader of the House, yesterday firmly "closed the door" to Tory inquiries about Labour's pact with the Liberals.

To a string of written questions about the joint committee being formed, he replied simply: "As these matters concern inter-party relations, I do not intend to report on them to the House."

# Stricter law on detonator losses studied

THE GOVERNMENT announced yesterday that it is considering whether to make a formal requirement for losses of detonators to be reported.

In a Commons written reply, Mr. Merlyn Rees, Home Secretary, said that anyone holding detonators must possess either a certificate from the police or a licence from the Health and Safety Executive.

# Severn tidal energy study

Mr. Anthony Wedgwood Benn, Energy Secretary, is making an urgent study of the Severn Barrage tidal energy scheme, Mr. Alex Eadie, Under-Secretary, Energy, said yesterday.

Mr. Ronald Atkins (Lab., Preston N.) had asked for an appraisal of the barrage scheme. He urged the Government to look at its viability, particularly in the 1980s when oil resources would be reduced.

# European jobless review planned

By Rupert Cornwell

THIS SUMMER'S European Council meeting in London will make a special review of the Community's progress in the battle against unemployment and inflation, the Prime Minister told the Commons yesterday.

Reporting back on last week-end's meeting of EEC Heads of Government in Rome, Mr. Callaghan laid particular stress on the concern that had been expressed to him, as President of the Council by the European Trade Union Federation.

# Labour democracy plan echoes Bullock

BY CHRISTIAN TYLE, LABOUR CORRESPONDENT

MINISTERS plan to announce one for an independent chair their consent next week to a two-year experiment for trade union workers' directors in the Post Office, Europe's largest employer.

Politically it is an awkward time for the Government to endorse a scheme that closely follows the Bullock proposals for union party company Boards under way for a White Paper covering both private and nationalised industries.

# Hospital dispute declared official

BY OUR LABOUR STAFF

THE DISPUTE involving 300 porters and ancillary staff at five Surrey hospitals was made official yesterday by the Transport and General Workers' Union.

Workers have been picketing the hospitals for more than a week and, for a few hours yesterday, they were joined by pickets at four other hospitals.

# Concorde costs

THE COST of the limited airframe modifications to Concorde for the British and French Governments is estimated to be £460,000, Mr. Leslie Hunkfield, Under-Secretary for Industry, told the Commons yesterday.

# Written Answers

Mr. Julian Ridsdale (Con., Harwich). What was the rate of inflation in the U.K. in December 1977?

Mr. Robert McGinley (Con., Brentwood and Ongar). What would be the estimated amount of revenue lost if employers were able to set off amalgamation corporation tax daily luncheon voucher amounts of 20p, 30p, 40p and 50p?

Mr. Dennis Healey, Chancellor of the Exchequer, over the 12 months to December 1977, the U.K.'s rate of inflation was 10.6 per cent., while Japan's was 19.1 per cent.

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By Rupert Cornwell

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BY OUR LABOUR STAFF

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# Labour News

# Post office's democracy plan echoes Bullock

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Politically it is an awkward time for the Government to endorse a scheme that closely follows the Bullock proposals for union party company Boards under way for a White Paper covering both private and nationalised industries.

Ministers are therefore expected to stress that the Post Office plan, agreed by management and unions, was devised long before Bullock proposed his '50%' formula for Board representation and that this formula for parity between unions and management, with a smaller third party, jointly approved, will not necessarily be the model for all industry.

At the same time the Government must declare itself soon since the Post Office plan has to be ratified by unions at their annual conferences in the next few months; and it has promised members of the Carter Corporation, under the plan the Board will expand from a maximum of 13 to 17 seats.

Mr. Callaghan said that a proposal for a European foundation, which has strong all-party backing at Westminster, would be examined in Brussels, and the Nine would give urgent attention to the Commission's proposals for tackling the serious short- and long-term difficulties in firm political measures.

While welcoming Mr. Jenkins' participation at the London talks, Mrs. Margaret Thatcher, the Opposition leader, criticised the Prime Minister's remarks as "a statement of objectives, lacking in firm political measures."

There was Tory backing as Mr. Jeremy Thorpe, Liberal foreign affairs spokesman, welcomed the progress which, he said, had been made on many fronts at the talks.

Mr. Enoch Powell (UUU, Down St.) said that the EEC was becoming gradually less concerned with the promotion of free trade and increasingly with the "creation and imposition of arbitrary price systems."

Mr. Callaghan said that Mr. Powell's was not an unfair statement. Given the depth of the world recession and the extent of unemployment, Governments were concerned about the health of their own countries.

# Go-ahead for safety scheme

BY DAVID CHURCHILL, LABOUR STAFF

THE GOVERNMENT yesterday gave the formal go-ahead to plans for a £150m trade union-appointed "safety watchdogs" throughout industry, but confirmed that the appointments would not be made until October, 1978, because of the cost to local authorities.

Regulations laid before Parliament yesterday by Mr. Albert Booth, Employment Secretary, will enable trade unions to appoint safety representatives in the majority of companies and other organisations, and also to demand the setting up of safety committees jointly with management.

Employers were urged yesterday by Mr. Bill Simpson, chairman of the Health and Safety Commission, to start setting up the new safety machinery before they were forced to do so by law. He said that, every year, about 1,400 people are killed at work.

# Ex-TUC man's industrial job

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. FRED JONES, a former economist with the TUC, will be in charge of the day-to-day running of industrial strategy and other industrial policy at the Treasury.

He succeeds Mr. Lawrence Airey, whose appointment as Second Permanent Secretary in charge of the Treasury Domestic Economy Sector was announced last week.

Mr. Jones, 56, is the deputy secretary in charge of general expenditure policy and analysis, National Economic Development and in Paris.

# 'Post-pay pact rises agreed'

BY OUR LABOUR STAFF

MR. CLIVE JENKINS, general secretary of the Association of Scientific, Technical and Managerial Staffs and a leading opponent of pay policy, said yesterday his union had already signed agreements with a number of large companies giving substantial rises for some 30,000 members when the present pay policy expires on July 31.

Mr. Jenkins disclosed this in Glasgow, where he was lodging a pay claim for members in the General Accident Insurance Company. He said that the rise negotiated already was for "substantial" higher percentages than those suggested for the next year.

# Print technology deals backed

By Alan Pike and M

NATIONAL MANUFACTURING MANAGEMENT repulse union leaders yesterday the need to continue introduction of cost technology despite the industry-wide for action.

The Programme proposals for an agreement throughout Fleet Street rejected in ballots of most of the major printing firms, new days progress in negotiations at a dual office level.

A statement from the standing committee, headed by the Programme, recognised that "ind plans for the industry technology and for progress" must be made.

Members agreed guidance and assistance needed—the committee aid for this purpose. It also stated that this necessary assistance of individual executives of individual

# Diversity

IT IS possible that it will decide there is a purpose in remaining in the committee now that they have rejected it before the ballot, the "mandate" among the members of the Craphigh Association, which the Programme than four to one in general secretary Mr from the committee.

Yesterday's vote "continue to give help to ensure the of a healthy and by 69 votes maintain diversity of titles.

The Fleet Street which have advanced changing over to the Mirror Group, bought equipment and printing agreements in the industry.

Facsimile Associated Newspapers Financial Times are planning to introduce a mission of pages a London and Manchester World are likely using conventional in notices for some time.

The Telegraph has formulated any specific management however at the possibility a vined that its future linked to the new

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# The Management Page

EDITED BY JOHN ELLIOTT

Progress is being made towards appointing worker directors at Harland's Belfast shipyard though some problems have still to be resolved. Roy Rogers reports

## Cautious path to participation

**BOTH sides of industry** are expected to debate the merits of the Bullock recommendations on democracy, management unions at Harland and the Belfast shipyard, are being slowly with their and of participation.

nd's experimentation in 1974 with a Government operation after the had been left in a pre-financial position following prolonged pay strike by akers.

ing the company's support- where it is the largest employer - the Govern- ok a majority stake in ) and promised substantial aid to help it come- some even terms with anese. But anxious not good money after bad concern which had some £68m, of financial assistance in the preceding ears, the Government ed improved efficiency, g "full participation... employees."

David Tinkler was d from Swan Hunter to Harland's industrial- which had deteriorated owing hostility between r Hoppe, the Danish managing director, and ion leaders, culminating anaging stoppage.

**st moves**

of Mr. Tinkler's first n being appointed per- director of the Belfast s to assist in the forma- a committee for regular tion between himself 3 union officials.

considerable initial position it was agreed chairman and secre- f shop stewards repre- the main occupational should meet Tinkler's next team on a monthly

from this "chairman's cretaries' committee" and a new era of parti- blossomed, and even- waiting publication of ment practices, also played a prominent role in the higher sion, at the yard, the efficiency which the company is

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two sides were able to make major advances. For instance, an industry renowned for restrictive practices and demarcation disputes, Harland now claims to have "total flexibility" between trades.

In addition, Harland's pay structure was rationalised to give one common craft rate and common bonus payments with semi and unskilled workers receiving an agreed percentage of craftsmen's earnings. This compares with a chaotic situation of a few years ago when there were some 250 different pay rates for boilermakers alone.

When Mr. Stanley Orme, the then Minister of State for Northern Ireland, released a discussion document on worker participation at the yard in early 1975, it eventually resulted in the unions (assisted by Strathclyde University academic, Mr. Frank Stephen) and management agreeing a joint approach.

This involved the appointment of a new 15-man supervisory Board, comprising one third trade union representatives, one third management and one third Government appointees.

Below this a 20-strong joint implementation council, with members nominated on a 50-50 union-management basis and chaired by the managing director, was to determine how Board policy should be carried out. Lower levels included five departmental joint councils: hull production; ship outfitting; engine and electrical; ship repair; and administration and there were productivity committees based on each workshop or section.

Productivity committees have been in operation for some time now through Harland, and although no firm figures are available they are understood to have contributed to a vast improvement in efficiency, involving a reduction in man hours per ton from levels of more than 100 at the time of the 1973 Boilermakers' dispute, to the lower 40s.

New facilities coming on stream and improved management practices, also played a prominent role in the higher sion, at the yard, the efficiency which the company is

**Agreement**

Despite all these complicating factors the unions, through their prolonged negotiations, now appear to be on the verge of agreeing an election system, which could see union representatives joining the management and government appointees on the top Board within months.

They are now looking at a simplified version of COMPEN's third scheme. It involves all the yard's employees voting for one director for each of four interest groups - ancillary workers, staff, steelworkers and craft groups - other than steelworkers - and a fifth "free for all section". A balancing factor, details of which will be devised, will be used to offset the boiler-makers' numerical strength in the "free" section.

From the time that the participation plan was first mooted, it was agreed that the existing union membership would be the vehicle for the worker directors and that the traditional collective bargaining machinery

**Varied demand for executives**

INCREASING DEMAND for general management throughout five major European countries, but with strikingly different trends in specialised areas of management, are highlighted in a survey just published on the European executive recruitment scene.

Produced by the Eurosurvey Group, an executive search company, the survey shows, for example, that while demand for production and industrial engineering management has been increasing in France, West Germany, Belgium and the Netherlands, it has been decreasing in the U.K.

It is felt that uncertainty will persist in France this year as it did in 1976, while in Germany a substantial increase in demand for research and development directors is predicted, but with all in top management being to show such a wide range of abilities that traditional divisions between jobs may be brought into question.

Further complications arose when some major unions felt they should have one of their members on the Board but neglected to ensure that they had a suitable nominee. Several went on to complain that the Boilermakers' Amalgamation, which has most members at the yard, was attempting to dominate the Board.

The Electrical and Plumbing Trades Union, on the other hand, deliberately did not nominate anyone for the Board because the EPTU is one of several TUC unions opposed to the principal of worker directors.

Local full-time officials of the Confederation of Shipbuilding and Engineering Union who also figure prominently in the local Communist Party have been accused by some shop stewards of bringing politics into the argument - the Communist Party opposes participation preferring the "them and us" approach.

**Urgent need**

The consultants see an urgent need for a crash training course for worker directors as soon as they are elected in order that they are able to participate effectively. But training for the lower levels of participation is to be assessed in the light of problems which emerge.

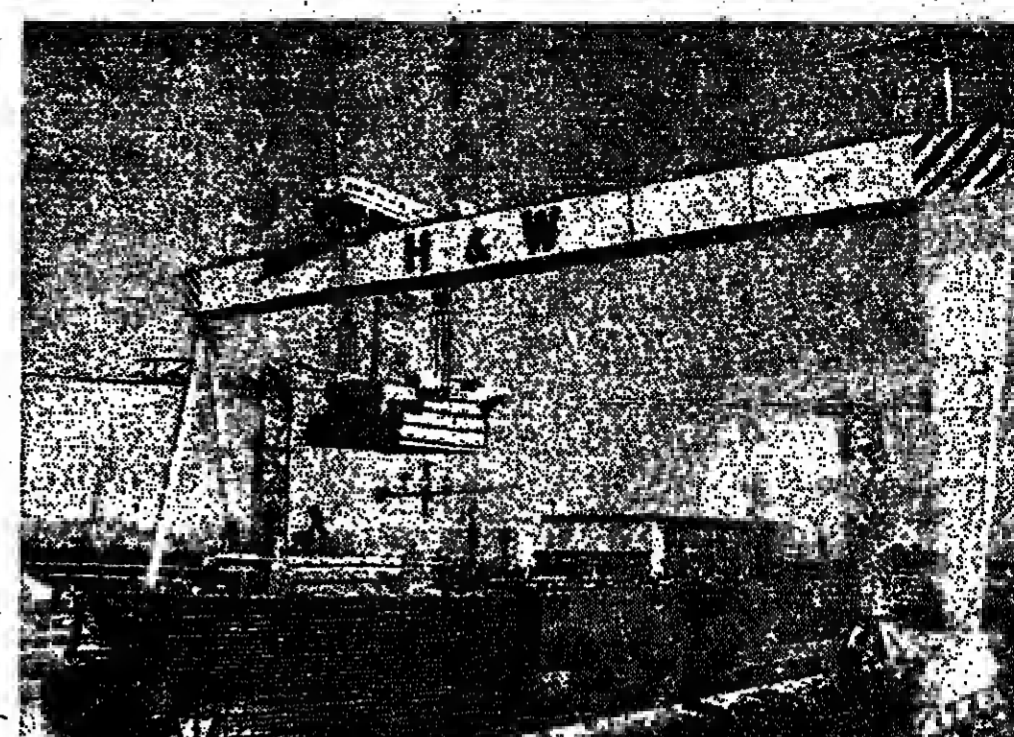
COMPEN, which hopes that the Harland scheme will be adopted elsewhere as other companies either opt for industrial democracy or are pushed into it by Government legislation, estimates that Harland's

**Caterers need more relevant training**

A STUDY of managers in the hotel and catering industry suggests that some of the training courses provided for them are irrelevant to their real needs.

The study has been sponsored by the Hotel Catering and Institutional Management Association and by the Luncheon Voucher Catering Education Trust. The aim of the research was to build up an exact picture of the skills and knowledge needed by hotel and catering managers if they are to do their jobs effectively. It is hoped that the findings will now be used as a base for developing appropriate college courses and industrial training for younger managers coming into the industry.

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A bridge section is moved into place on the giant crane at Harland's Belfast yard.

## A centre for research

A RESOURCE centre where 9,300 employees require a direct from management. How- unions can co-ordinate the centre comprising four offices, one conference room, one committee room and limited library out their own research is being set up at Harland and Wolf as part of the participation programme.

The brainchild of COMPEN, a Belfast firm of management consultants engaged by the unions, the centre is expected to cost about £40,000 in the first year of operation which will be covered by the State-owned company.

Two leading shop stewards are being interviewed by a team of union branch chairmen and secretaries for the £4,000 a year full-time post of secretary to the centre which will then be provided with permanent premises within the yard.

COMPEN, which hopes that the Harland scheme will be adopted elsewhere as other companies either opt for industrial democracy or are pushed into it by Government legislation, estimates that Harland's

**BankAmerica Corporation Financial Highlights Consolidated Balances**

For the Year (thousands)	1975	1976	Change
Operating Revenue	\$ 4,742,734	\$ 4,844,751	+ 2.2%
Operating Expenses	\$ 4,441,078	\$ 4,508,821	+ 1.5%
Income before Securities Transactions	\$ 301,656	\$ 335,930	+11.4%
Net Income	\$ 302,800	\$ 338,771	+11.2%

At Year's End (thousands)	December 31, 1975	1976	Change
Assets	\$68,763,054	\$73,912,940	+10.7%
Deposits	\$56,544,789	\$60,749,814	+ 7.4%
Loans	\$32,626,894	\$35,748,642	+ 8.9%
Securities	\$10,202,358	\$10,596,397	+ 3.9%
Equity Capital	\$ 2,020,149	\$ 2,421,593	+19.9%
Reserve for Possible Loan Losses	\$ 271,742	\$ 300,851	+10.7%

For the Year (Per Share)	1975	1976	Change
Income before Securities Transactions	\$ 2.18	\$ 2.40	+10.1%
Net Income	\$ 2.19	\$ 2.41	+10.0%
Dividends Paid	\$ .74	\$ .79	+ 6.8%
Book Value (at year's end)	\$14.61	\$16.63	+13.8%

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(Extracts from Annual Report)

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# FINANCIAL TIMES SURVEY

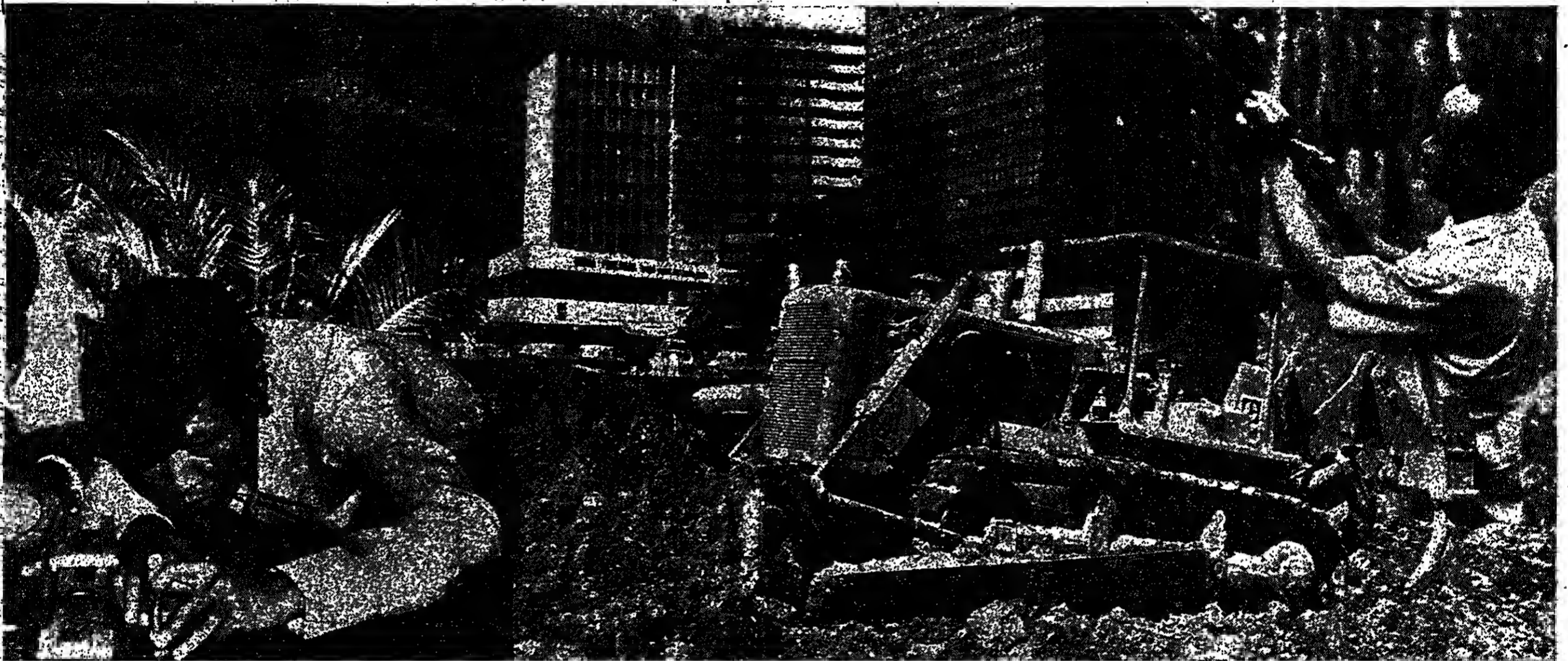
Tuesday March 29 1977

# Malaysia

One of the oldest of the post-war Commonwealth States, Malaysia has made steady progress since independence. Last year the economy managed an export-led recovery which many developing countries could envy. But this multi-racial nation still faces political and social problems.

17.14 hrs

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# The strengths and weaknesses

MALAYSIA is beginning to show some of the blemishes of an adolescent industrialised country. After 20 years of independence there are signs of an acute housing shortage in the towns as the population emerges from the rural areas; of growing public frustration as an inadequate bureaucracy struggles to cope with the increasing demands of expanding industries and services; of bitter wrangles as a rising trade union movement tests its muscles; and of a feeling of cultural inferiority which those assured of three meals a day can afford to agonise over. The more deep-rooted problems—the country's racial divisions, the Communist resistance, the slow growth of investment—continue to preoccupy its leaders.

Nevertheless, Malaysia to-day is humming with pride and excitement in national achievements, a confidence that permits a freer Press and a more candid public assessment of national ailments than is found anywhere else in South-East Asia. The racial tensions are not sufficiently high to persuade the much-divided Chinese to forget their differences and form a political union on the basis of which they could demand more than they are currently getting. The need for foreign investment is not so pressing as to force the Government to drop its plans for phasing out foreign economic control.

Malaysia knows it can afford to take a few risks and that the underlying strength of its economy will permit a few miscalculations. Last year, aided by the stirrings of world economic recovery, demand for its exports rose sharply, pushing real growth of GNP to 12 per cent. from the projected 6 per cent. The resulting stimulus to production reversed a decline in rubber and timber output; crude oil output is provisionally estimated to have increased by 65 per cent. The rate of inflation fell from 4.5 per cent. in 1975 to 2.6 per cent. Employment rose by an estimated 3.5 per cent.; unemployment fell to an estimated 6.8 per cent.

The strong growth of exports led to a \$U.S.1.35bn. trade surplus in 1976 against \$U.S.243m. in 1975, boosting net international reserves to \$U.S.2.5bn. by the end of the year against \$U.S.1.57bn. at end-1975. Bank Negara projections for this year foresee a more moderate growth of 8 to 10 per cent., led by domestic spending rather than exports, but the bank suggests this growth will be more broadly based, with a recovery in private investment. By 1978 the Malaysian economy should have passed the recovery stage and settled down to normal growth of around 8 per cent., it adds.

The main blot on this rosy picture is the failure so far of private sector investment—domestic and foreign—to revive with the rest of the economy, a situation for which Kuala Lumpur businessmen blame the Government's slowness in finalising the details of the controversial Industrial Co-ordination Act (ICA), which regulates the restructuring of corporate ownership to increase Malay participation, as much as the Act itself.

## Rules

"Once the corporate sector knows the ground rules it can learn to live with them," comments one banker, "but until the worst is known, many prefer to keep funds in bank deposits rather than reinvest." This slide to business morale is reflected in the high liquidity of domestic money markets—overnight money rates, for example, are stable at around 2 per cent.—and in the low level of applications for industrial project approvals, despite an increase in the number of inquiries. Manufacturing investment is running 40 per cent. below the targets of the Third Malaysia Plan (TMP), while new project approvals have dropped to 425 worth Ringgit 1.02bn. in 1976 from 525 worth Ringgit 1.8bn. in 1974. The TMP target is Ringgit 2bn. a year.

The earlier revision of the

Petroleum Development Act (PDA)—introduced by the Razak Government and substantially modified under the present Prime Minister, Datuk Hussein Onn, to appease the oil companies—is interpreted as tacit admission by the Government that its new economic policy as originally envisaged went too far. Amendments to the ICA, prepared in consultation with the private sector, are far less drastic. They are dismissed in many quarters as insignificant. But the Government maintains that further concessions would destroy the Act and is outwardly confident that its readiness to back down over the PDA will be taken as a demonstration of its flexibility in implementing subsequent legislation even though firm assurances will not be written into the statute.

Early indications are that the private sector is prepared to go along with this, despite its grumblings over "bureaucratic nonsense" and "stifling over-control." The Malaysian International Chamber of Commerce and Industry, which represents 280 foreign companies and their subsidiaries in fields such as banking, manufacturing, insurance and shipping, has stated: "Should the initiatives at policy level be reflected in the implementation process, there is no reason why there should not be more investment leading to greater economic growth." But adds: "The task of restructuring the ownership of corporate stock and promoting foreign investment... are conflicting objectives only in situations of stagnation and slow economic growth... it is clear that the success of the plan and the fortunes of the foreign business community... depend on economic growth which in turn stems from an attractive business climate for investment."

Whether this reconciling will work out in practice only time will tell, but it seems clear that the Government's dependence on the private sector in finance 60 per cent. of its Ringgit 144bn. Third Malaysia

Plan will strongly influence its performance. In the words of the Prime Minister when introducing the TMP last July: "The Government is fully appreciative of the need to maintain a sound and favourable investment climate as an essential prerequisite in the existence of dynamic entrepreneurship... [and] will ensure that the design and implementation of its policies and programmes conduce to the fuller utilisation of the great potential that exists in private initiative and enterprise for the socio-economic development of the country."

At that time the Prime Minister outlined the three main pillars of the TMP as "a major assault on poverty, a vigorous and continuous effort in the task of restructuring society and the strengthening of national security." The security issue is something of a hot potato, reviving the fears of the 1948-60 emergency and carrying distinctly racial overtones.

Despite the outrages of 1974, when communist terrorists blew up the national monument and assassinated the nation's most senior policeman in broad daylight, security was something the previous Prime Minister Tun Razak preferred to play down. But Datuk Hussein, early identified the issue as "a major challenge to our democratic way of life" and has supported a vigorous anti-communist drive against both the armed communist guerrillas in the north and the subversive elements believed to be operating in the cities. Though official figures are slightly lower, Western observers estimate there are around 600 armed and unformed guerrillas south of the Thai border and perhaps 2,000 to 3,000 north of it with a further 200 in Sarawak, supported by a community of about ten to each armed activist, whose readiness to co-operate tends to ebb and flow with the fortunes of the insurgents.

Intensive Government effort over the past two years have reduced insurgency to a chronic

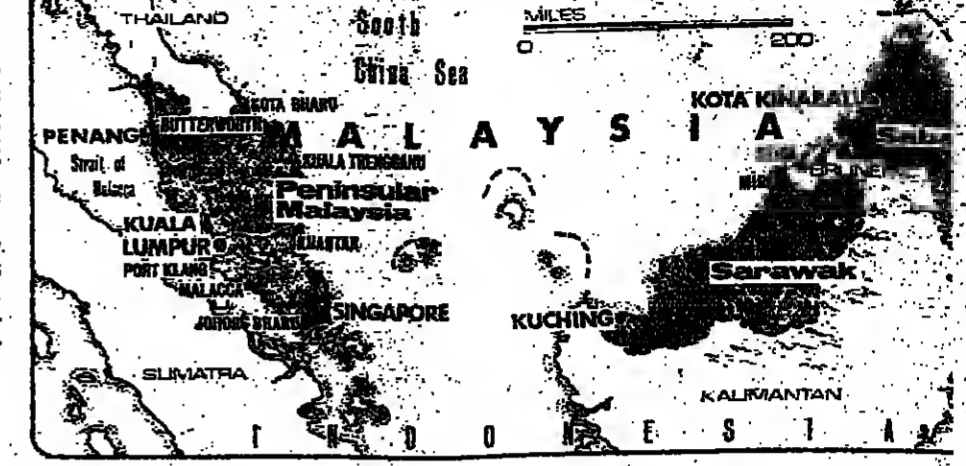
irritant rather than a severe threat but total eradication seems impossible, given the difficulties of policing the border jungles, and there are signs that the guerrillas are becoming better armed and are attracting a small but steady stream of new recruits. Most of these are young less well-off Chinese from the new villages, frustrated to see the best job opportunities going to Malays and alienated from the mainstream of Malaysian life by their Chinese education.

## Raids

Following the signing of the new border pact with Thailand, the army has made several raids in communist areas over the past few weeks in a campaign the early results of which may not merit the wide publicity they attracted, but which seem to be winning popular support.

The activities of subversive elements in the cities is less clear cut and the Government's counter-tactics on this front appear rather more dubious. The popular image of a communist in Malaysia is coloured by the northern terrorist with his bombs and booby traps; the distinction between this and the intellectual socialist sometimes gets very blurred indeed—it may be significant that Russia and Eastern European countries are generally referred to as socialist rather than communist.

The arrest last year of the Straits Times managing editor Enck Samad Ismail on communist charges, subsequent claims that communists had infiltrated the United Malay National Organisation (UMNO) and the higher echelons of gov-



ernment, and the arrest of two of the two Deputy Ministers, came reflected badly on those senior UMNO members of UMNO with whom they were closely associated. This has raised questions as to the Government's willingness reasonably expect to be immune, to control the scope of what he Enck Samad, a prominent Malay thinker, had been under drive. Conversely, the strong attack for some time, as his hints at collusion with Singapore subsequent confession, while emanating from some Government quarters are seen elsewhere as a deliberate attempt to discredit other Government members responsible for implementing the policy.

It now appears clear that the anti-communist drive may have been exploited for intra-party political purposes. On the available evidence, including public as in most other capitals do not confessions by the three men, there is nothing to prove conclusively that any of them was formally related to communist organisations or actively engaged in communist operations. However, there are strong indications that the arrest of Enck Samad, long an opponent of the Singapore Prime Minister, Mr. Lee Kuan Yew, was carried out partly as an act of co-operation with the Singapore Government, while the arrest of Ministers are engaged in an

active pursuit of Given the impoter other parties, both outside the ruling Front coalition, the threat at this stage to stability, unity in ad But the bl be expected to jace run up to the UMN Council elections in when the election President will deci

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## A changing style of government

IN HIS FIRST year as Malaysia's Prime Minister, Datuk Hussein Onn has asserted his authority in the United Malay National Organisation (UMNO) the party which dominates Malaysian politics, to a degree that few expected when the sudden death of Tun Razak in January 1976 elevated him to power. Though he has not gained control of the party machine and has allowed factional squabbling to rise unchecked, he has taken firm command in matters of Government policy, adopting an uncompromising stance on corruption in the administration and tempering economic policy to reassure the non-Malay private sector.

Though this has brought him into direct confrontation with three sectors of the party, his own position appears unassailable and he has not allowed subsequent setbacks in party politics—such as the readmission to the party of the former Selanor Chief Minister and UMNO youth leader, Datuk Harun Idris, and the outright rejection of his candidature for the UMNO youth leadership—to disturb his composure, strolling away from these defeats with the air of a man more interested in government than in politics.

Datuk Hussein is universally respected as a sound administrator and a man of principle, though he is not without critics both outside and within UMNO. His inaccessibility is a source of grumbling among some of his Ministers, who complain that the process of government grinds to a halt periodically because the Prime Minister is pondering a decision and will not see anyone. His metronousness is also a source of irritation. A former lawyer, he insists on examining all the available evidence before producing a decision, imperturbable as the unopened despatch boxes multiply.

## Infighting

Thirdly, there are those who say that his relaxed attitude towards party politicking has allowed the factional infighting to mount to an extent where it is beginning to interfere with government—that the civil service is growing lax while the politicians jockey for position—and that the projects of the Third Plan are falling behind target. During the past year he has had to grasp nettles and has done so unhesitatingly. His efforts to protect private sector

confidence, softening the impact of the pro-Malay new economic policy (NEP) on the predominantly Chinese and expatriate business community, has not pleased a considerable sector in the party seeking a more aggressive Government intervention and transfer of assets to Malay ownership and control.

Under his guidance, the Third Plan was held back for three months and revised by a specially created Cabinet committee to shift the emphasis of economic restructuring from a racial to a regional basis. Similarly, the first major instrument of the NEP—the Petroleum Development Act—has been substantially watered down while the second, the industrial co-ordination act, has been amended to a lesser degree but has had a committee set up under the deputy prime minister Dr. Mahathir Mohammed to smooth its implementation.

Secondly, the Prime Minister has risked criticism over his marked departure from the policy of his predecessor, Tun Razak in calling attention to the communist threat to security. He has admitted frankly that the level of communist activity in the north is of major concern to the Government and has supported intensive efforts to counter it.

Thirdly, he has taken a very hard line on corruption in the party and the administration. Perhaps the most dramatic of all his actions so far has been his handling of the bringing to trial of Datuk Harun Idris, the former Chief Minister of Selanor and president of UMNO Youth. Datuk Harun, one of the strongest men in the party, was convicted last May on three corruption charges and sentenced to two years' gaol after a trial that aroused bitter feeling within the party, alienating UMNO Youth from the leadership. Datuk Harun has fought all the way, launching an appeal which could take at least a year to reach an ultimate ruling in the Privy Council and rallying support in UMNO Youth, his personal power base, which has led to a vigorous "save Harun" campaign complete with communist conspiracy allegations.

In the murky twilight of UMNO politics this has bred a mass of allegations in which even the Prime Minister has been privately accused of at least allowing himself to be manipulated by political intriguers. Though the investigation into Datuk Harun's affairs was launched under Tun Razak,



Prime Minister Datuk Hussein Onn

many felt the matter need not automatically go to court and since it is common knowledge that close scrutiny might embarrass many members of the administration, the decision to institute proceedings against the former Chief Minister was, it has been suggested, orchestrated behind the scenes by his political enemies.

## Corruption

Presented with the inquiry findings and having taken a strong line against corruption, Malaysia and the nation's Prime Minister as a man of principle could be relied on to act. This he did, driving Datuk Harun from office and temporarily from the party, since when there has been some speculation whether he was motivated by principle or the desire for a show of strength.

The affair has dragged on for more than a year and may well continue for at least another while, appeals and the possibility of a Royal pardon are exhausted. On the face of it, Datuk Harun seems unlikely to be able to escape his sentence, which would disqualify him from office for five years, possibly an insurmountable setback since he is already 52 years old. But there are those who believe he may still return to contest the senior party positions and even if this fails, given his strong support at very high levels, he could well provide a meeting point for a large sector of the party for years to come. This would hardly affect unity should it be Datuk Hussein, whose leadership is unquestioned have a profound effect on the succession, already dominating Malaysia and indirectly its economy. Though Datuk Hussein is some as a short-term bent, he has suffered attack and was known preparing for when unexpectedly Prime Ministership accession he has more of retirement question is there any of a successor is intense speculation, the party but also vate sector which, in the Industrial Co-ord as first put forward, to see the leadership out of reach of the Malay nationalists.

Speculation is common on the UMNO Supreme elections, next year, selection of the Prime Minister will virtually be the succession. The been empty since Datuk Hussein on his at which time, possible of lack of confidence not seek confirmation President—he is still the acting Prime Minister put forward his deputy Prime Minister, Mahathir, for the endorsement.

The style of the UMNO Party suggests stage that the Deputy President will have a long drawn out moves, shifting and infinite options right up to the of the political bar Malaysia is done back 10-man opposition in seat Parliament is a little more, while minority parties in National Front—the Datuk Harun seems unlikely to be able to escape his sentence, which would disqualify him from office for five years, possibly an insurmountable setback since he is already 52 years old. But there are those who believe he may still return to contest the senior party positions and even if this fails, given his strong support at very high levels, he could well provide a meeting point for a large sector of the party for years to come. This would hardly affect unity should it be Datuk Hussein, whose leadership is unquestioned

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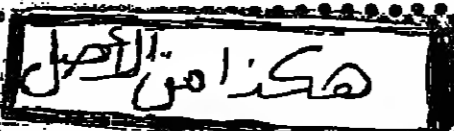
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# Uneven path to economic recovery

**MALAYSIAN economy is** capable of sustaining seven months of imports. The price of tin began moving upwards in February last year and averaged Ringg17,400 per tonne for the year, representing a 12.5 per cent improvement over the previous year. However, production fell to 62,000 tons owing to depleted mines and the difficulty of getting the authorities to open new areas for mining.

Export of petroleum jumped by 77 per cent to 6,72m tons, while receipts totalled Ringg1,580m—a 95 per cent improvement. The higher level of exports came almost exclusively from Shell, especially from its Samarang field in Sabah.

After undergoing two difficult years, Malaysia's timber industry began to pick up in response to stronger overseas demand. The export volume of logs and sawn timber were 9m and 2.1m tons respectively. Prices showed a 6.3 per cent and 22.3 per cent improvement, and revenue totalled Ringg280m and Ringg590m respectively.

The marginal increase in the export of logs was mainly due to the imposition of the ban on the export of 11 species of logs from Peninsular Malaysia, and the high local demand for logs.

On the other hand, the higher volume of sawn timber exported could be attributed to the stepped-up activity of local sawmills in meeting overseas demands.

Against such impressive export records, the poor performance of palm oil stood out in sharp contrast. The price of palm oil continued to slide for the greater part of last year, owing to easier market conditions for edible oils.

The big increase in the world supply of palm oil, and the strong soyabean lobby in the U.S. against palm oil imports, had the effect of dampening prices. Prices fell by 25 per cent to Ringg350 per tonne. Exports slowed down to 1.33m tons, and export receipts at Ringg1,130m, was 14 per cent lower than in 1975.

The manufacturing sector, which showed virtually no growth at all in 1975, quickly

accelerated in response to both overseas and local demand, to grow by an estimated 20 per cent last year.

The biggest increases were in timber-based industries (35 per cent), cement production (27 per cent), textiles (24 per cent), metals including electronic equipment, chemicals and rubber products, all of which grew by more than 20 per cent.

The manufacture of transport equipment (mainly car assembly) also recovered from its sharp reverses in 1975, and expanded by 11 per cent.

Activity in the construction industry, which provides employment for 3 per cent of the workforce, showed a modest improvement of 5.5 per cent over 1975. Demand for residential houses remained strong, while house prices settled down to more stable levels. Public sector construction also remained high.

In the view of Bank Negara, the impetus for growth would come from domestic expenditure, rather than exports. Growth will be more evenly spread, with private investments picking up substantially in response to high domestic demand, and the need to rebuild stocks, which fell sharply in the past year.

A much higher level of imports is anticipated to meet domestic demand, although this should not create any pressure on the balance of payments because of the strong export and reserves positions.

The manufacturing, construction, and to a lesser extent, the mining sectors should expand in response to high domestic demand, and the need to rebuild stocks, which fell sharply in the past year.

According to a Bank Negara survey conducted last December, 85 per cent of the manufacturing firms surveyed indicated that they would be operating at 70 to 100 per cent capacity by the end of 1977. This optimism contrasted sharply with a similar survey done around the same time in 1975, when less than 40 per cent of the firms were operating above 80 per cent capacity.

Apart from the vital task of attracting private investment, the other worry for the Malaysian economy is the prospect of higher inflation.

The huge volume of disposable income derived from exports, the Ringg600m that would be paid out to the country's civil servants to settle their pay claims, and the recent rise in oil prices, will exert pressure on prices.

To meet the anticipated demand, expansion of productive capacity and higher imports will be necessary. Some temporary supply bottlenecks can be expected.

However, Bank Negara is confident that, barring an exceptional increase in the price of Malaysia's imports, inflation should be within manageable limits of 4 to 5 per cent.

There are others, however, who do not concur with this view, including the Treasury, which feels that inflation may be around 7 per cent.

All factors considered, few would dispute the strength and resilience of the Malaysian economy.

The Ringgit rose nearly 12 per cent by December, 1974, but began to slide rapidly by the end of 1975. It began its upward climb again in 1976, reaching the 12 per cent mark again in the first quarter of this year.

The most disappointing feature in the economy was the failure of private investment to respond to the upswing. Private investment, which fell by 4 per cent in 1975 because of the international recession, only managed to grow by a miserable 3 per cent last year.

The investment climate was adversely affected by the uncertain political situation at home, the stalemate in the oil production talks, and the sweeping Petroleum Amendment Act and the Industrial Co-ordination Act.

was also a marked feature in domestic prices, falling down to 2.6 per cent compared to 4.5 per cent and a hefty 17.4 per cent in 1974. With the economy growing from 7 to 8.8 per cent.

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The huge volume of disposable income derived from exports, the Ringg600m that would be paid out to the country's civil servants to settle their pay claims, and the recent rise in oil prices, will exert pressure on prices.

To meet the anticipated demand, expansion of productive capacity and higher imports will be necessary. Some temporary supply bottlenecks can be expected.

However, Bank Negara is confident that, barring an exceptional increase in the price of Malaysia's imports, inflation should be within manageable limits of 4 to 5 per cent.

There are others, however, who do not concur with this view, including the Treasury, which feels that inflation may be around 7 per cent.

All factors considered, few would dispute the strength and resilience of the Malaysian economy.

Wong Sulong

## Government CONTINUED FROM PREVIOUS PAGE

criticism from being heard outside.

The late Tun Razak was especially in the years before he became Prime Minister, a consummate politician and master of party intrigue, able for a long time to wield the party machine for his own ends. Datuk Hussein has never controlled the machine and in the past year or two factional struggles based on personality rather than ideology have grown unchecked. The leading contender for Deputy President is Dr. Mahathir, one of the three Vice-Presidents who are Deputy Prime Minister has some advantage. But Datuk Hussein's candidacies have failed in the past and he has no guarantee of success.

His decidedly pro-Malay hook under Tun Razak who was grooming him as a possible successor, but he was blotted out in such actions as the disastrous attempt to link Pemas with Haw Par and his introduction of the Petroleum Development Act, which sent the private sector into near panic and has since had several of its teeth removed.

The latest setback was the arrest last year of two UMNO Deputy Ministers closely associated with Tengku Razaleigh. The two men later confessed on television to communist sympathies and communist front activities. The Ministers—Abdullah Ahmad and Abdullah Majid—popularly known as "the two Dollahs," played a

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Margaret van Hattem

### Approvals

Applications to start factories fell from 628 in 1974 to 394 last year, while approvals for factories fell from 525 to 425 during the same period.

Except for palm oil, Malaysia's major export commodities made impressive gains both in volume and prices, according to estimates in the Treasury Report. Officials say that the central bank annual report, to be published on April 1, contained even more impressive figures: rubber exports reached 1.6m tons—an increase of 9.6 per cent over 1975.

Rubber production rose by 7 per cent in response to higher prices, and the lifting of the crash programme restrictions imposed in 1974. The estimates, which had to comply with the enforced production cutbacks under the programme, increased

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MALAYSIA V

# Federal ties improve

**F**EDERATIONALLY Malaysia which was nurtured by Kuala Lumpur, in its own legislation, but in practice is a unitary State. Com- the amount of power ed in the federal Kuala Lumpur, the States is minuscule, geography and the position work against a politics, the growth n Government and the have irresistibly the Federation to its orm.

past 20 years, Malaysia a fair share of stress very much the masters of their own house, as they retain the confidence of Kuala Lumpur. The powers granted under the federal constitution to the States are minimal compared to the long and impressive list of federal powers. The States control Muslim law, local govern- ment, licensing of theatres, cinemas and places of public amusement, minor public works, markets, "turtles and riverine fishing," and one important sphere of influence—land, including mining, agriculture, and forestry.

The States guard this power jealously, but their record in land administration is far from satisfactory. Many State Governments, in their haste to get more revenue, or to repay political debts, have allocated large tracts of State land to individuals and companies with little regard to prudent forestry conservation and real foresta- tion. Tin miners on the other hand, constantly criticise the long delay in renewing mining leases, and State reluctance to open up new land for prospect- ing and mining. Industrial pro- jects are held back sometimes for months by delays in land approval. The vast amount of red tape and the well-known efficacy of large under-the- counter deals in cutting through it, have led the federal Govern- ment to consider stepping in to introduce order and co- ordination.

**Revenue**

The sources of revenue for the States are limited, and are derived mainly from their administration of the above areas. Except for Sabah and Sarawak, the States rely heavily on the federal Govern- ment for grants and loans, and this curbs any budding in- dependence. Sabah and Sarawak, apart from oil revenues, negotiated a longer list of powers when they joined the federation in 1963 including, significantly, immigration. This concentration of power

in Malaysia over the years has encouraged two unhealthy trends. The checks and balances usually found between the centre and the States in a federation have all been re- moved. All the States are now under the National Front Government, and more impor- tant, the Federal Government has, but for a brief period after the 1969 elections, maintained the two-thirds majority in Parliament required to amend the constitution. Consequently the federal authorities have had no hesitation in changing the constitution whenever it suited them and, since indepen- dence in 1957, have pushed through more than 100 such amendments. The effect of these amendments, not sur- prisingly, is often to enhance the authority of the federal Government.

Secondly, Malaysian leaders, and Kuala Lumpurians, have come increasingly to identify their city with their nation, and the city's problems as national problems. When floods hit Kuala Lumpur in 1971, a national disaster was declared, everything was mobilised to tackle the situation. Far more extensive floods lash the east coast States every year, but these are regarded as peren- nial provincial irritations.

Under the Third Malaysia Plan, the authorities hope to correct this distortion by giving a better deal to the States. Kuala Lumpur, and the surrounding Klang valley, have reached the stage where they can sustain their present momentum of growth with less federal funds. Poorer States like Kelantan, Trengganu, Pahang, Kedah and Malacca, are getting much bigger finan- cial allocations than their pre- vious share, and the Govern- ment is encouraging the dis- persal of industries to these less developed areas. After nearly 20 years, the States in Peninsular Malaysia have adjusted well to the federal setup, and have come to accept their modest roles.

The future relationship between Kuala Lumpur and the two East Malaysian States are unpredictable, although after the removal of Tun Mustapha, Sabah and Sarawak are begin- ning to fall into line with the peninsular States in acknowl- edging the pre-eminence of the Federal capital.

Kuala Lumpur throws on dis- cussion of the prospects of Sabah and Sarawak getting out of the federation. After the creation of Bangladesh, the Malaysian authorities dropped the terms East and West Malaysia for Sabah and Sarawak,

and peninsular Malaysia. In Sabah and Sarawak, politicians have been known to encourage talk about secession, mainly to press Kuala Lumpur for more concessions. Sabah and Sarawak can be economically independ- ent units, but politically their chances of survival as separate entities are slim.

The idea of Malaysian state- hood, let alone Malaysian nationhood, is weak among ordinary Sabahans and Sara- wakians. The South China Sea is a big physical barrier hinder- ing greater social and economic integration between the two Malay political wings. There also service in Sabah and Sarawak is distinct from that of peninsular Malaysia. West Malaysians still have to produce a passport to enter Kuching or Kota Kinabalu, and the two State Governments have no qualms about excluding West Malaysians considered undesir- able, including opposition politicians, from their States.

**Labour**

The plantations and nascent industries in East Malaysia could do with more workers but few West Malaysians are given work permits. The Malaysian Migration Board is languishing in obscurity. In the past five years, it has sent only 1,500 workers and their dependants to Sabah, and many of these have returned.

Dealing with the East Malay- sian States requires tact, two Sabahans and Sarawakians revenues coming in from remote being patronised by timber and oil. Sabah and Sarawak can become the two standably furious when West- ern States in the Federation if there is the political will and dedication.

The social and political prob- lems in East Malaysia are very

different from those of West Malaysia, and applying Malaysian solutions can lead to unfortunate, even disastrous results. In Sabah and Sarawak, the Malays are a minority. Until recently, it was the policy of the Malay leaders in penin- sular Malaysia to extend their principle of Malay political supremacy to the two States and this has caused not incon- siderable resentment among the Kadazans and Ibaos, the two biggest racial groups in Sabah and Sarawak respectively, and also the Chinese over there. The long run and are now stressing civil service in Sabah and Sarawak in scope, covering all of indigenous races.

The introduction of the Malay language as the medium of instruction to schools in Sabah and Sarawak is also meet- ing with resistance, but this problem is likely to dissipate over a period of time. Uni- versities in peninsular Malaysia are switching to Malay as the medium of instruction, and Sabahans and Sarawakians (like the Chinese in peninsular Malaysia, who have come to accept, although grudgingly, the Malay language will have to learn Malay if they want to enter the universities.

At the moment, there do not appear to be any major prob- lems on the horizon between Kuala Lumpur and East Malaysia. The communists do not pose a major threat to the two States, and with the Sabahans and Sarawakians revenues coming in from remote being patronised by timber and oil. Sabah and Sarawak can become the two standably furious when West- ern States in the Federation if there is the political will and dedication.

**uk Loy**

**LEE LOY SENG** con- started life late, inferiority complex, as not prevented him the ladder of success stability in business s. He is chairman of upur-Kepong, one of st plantation holding in Malaysia, con- 8 estates with over es of rubber and oil

many other Chinese who only take a rt in politics, he is an to the Malaysian association, and is well by the Chinese com- id the Malays. He is of the Senate, the use of Parliament. unassuming person, andly about his lack mal education. His rs were interrupted no-Japanese War, and r II. He was still in venties when he was O levels, and he feeling of shame of landless Chinese were illegally occupying large tracts of State land, and the State Government had wanted to evict them.

Datuk Lee was able to persuade the authorities to take a more humane rather than legalistic approach to handling the on plantation many rich Malaysians are worried about their future, and fear a Communist takeover. He feels the Government is capable of tackling the Communists, but that the well-to-do must do their part in alleviating poverty (Datuk Lee himself is a noted philanthropist).

"Malaysia is a great country to live in," he says "especially of KLK is" currently the company had will be decided by the poor and heavily on developing not the rich. If the poor go cres. of oil palm in Communist, then the rich can The oil palm is now forget about their wealth. They to bear fruit, and its may not be able to save their ion to the company's lives."



## Malek Ali Merican

**MALEK ALI MERICAN**, 49-year-old managing director of the Asian and Euro-American merchant bankers BHD (Aseam- bank), Malaysia's largest mer- chant bank, is a shining example of the successful Malay transfer from govern- ment to private industry, which is becoming a major pattern in Malaysia.

He was appointed Deputy Secretary General of the Treasury but caught between the conflicting policies of the then Prime Minister Tun Razak and Finance Minister Tun Tan Siew Sin, he resigned in 1974 to join the newly-established bank as deputy managing director.

Encik Malek was closely in- volved during his final Treasury years in the drawing up of the Third Malaysia Plan and comes in the private sector with a close and sympathetic understanding of government thinking.

He presents the options thus: "In Malaysia we have two broad alternatives in develop- ing our financial markets and institutions. Either we invite the world in, like Hong Kong or Singapore, and accept that the funds flowing in uncontrollably may flow out equally uncontrollably; or we develop a limited market, sufficiently strong to reach out to the inter- national markets and secure capital for Malaysia's develop- ment needs, with emphasis on joint ventures between Malay- sian and international banks.



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Unions quarrel with Government

THE MALAYSIAN trade union movement is considering entry into active politics after its humiliation in Parliament two months ago. The quarrel with the Government arose from the now famous Ibrahim Ali report prepared by a Government-appointed Royal Commission. It recommended very generous salary increases to the country's half-a-million civil servants, but the Government rejected its recommendations. When the unions refused to budge, the Government took the unprecedented step of calling a special session of both Houses of Parliament to reject the report.

Faced with a fait accompli, the unions had little choice but to accept the Government's counter pay offer, but the whole episode has left much bitterness among the union leaders. Most of them consider the unions have little future unless they get involved in active politics. "After what they did to the Ibrahim Ali report, there is no guarantee Parliament will not interfere in future industrial disputes," says a moderate union leader. "When the chips are down, no one in Parliament will speak for the unions, because the unions have no representation."

The Malaysian Trades Union Congress is studying the feasibility of sponsoring a political party to contest the next general elections. It is left to be seen how the union leaders could control such a party, as under present labour laws union leaders are prohibited from holding any elected office in a political party. The MTUC hopes to attract ex-union leaders, and pro-labour leaders to the professions to run the party, but whether these people would remain subservient to the union movement remains to be tested.

Reluctant

A trade union-sponsored party will bring the movement into direct political confrontation with the Government, a prospect which some moderate union leaders are reluctant to face. The MTUC soiled its prestige when it dabbled in the 1969 elections by supporting candidates from both the Government and opposition parties. Although the candidates it supported won their seats, no one was grateful to the MTUC for the amateurish way in which it tried to nurture a pro-labour lobby in Parliament.

Historically, for various reasons unique to the Malaysian environment, the Malaysian trade union movement has never had the cohesion, organisation and political clout in any way comparable to Britain's TUC or other unions in the West. From their earliest days Malaysian unions have often been the targets of communist infiltration, and periodic purges by the British and present administrations have left the unions occasionally leaderless and in disrepute.

The bulk of the present leadership in Malaysian unions are moderates, but they come from different and conflicting social and ideological backgrounds, as does the leadership in the ruling political parties. Like most unions elsewhere, the MTUC is Left-wing inclined, while the Malaysian political leadership is strongly conservative. Malaysian political leaders, especially among the Malays, look upon the unions with a certain degree of suspicion and hostility. During the debate on the Ibrahim Ali report in Parliament, the vehemence of anti-union sentiments were freely expressed. Union leaders expressed shock at such feelings, and accuse certain MPs of racism, trying to split the union movement by injecting racial consciousness among the workers.

While the union movement had been lacking in political clout in the past, union leaders have felt that time is on their side, that urbanisation and industrialisation would change the pattern and rules of politics in Malaysia. A better educated class of workers is emerging—more conscious of its common interests. The leadership in the unions is also changing. While the Indians still wield a disproportionate degree of influence in the unions, the Malays are making themselves felt. Malay union leaders may not have the same perspective and interests as the present Malaysian political elite.

The inability of union leaders to participate actively in politics is only one of their grievances. Unions regard the present labour laws as heavily weighted in favour of the employers. "The Government has always had this obsession of wooing foreign investment, and bends backwards to accommodate foreign investors to the extent of stifling the growth of the unions," says T. Narendran, the president of CUEPACS, the organisation most civil service unions are affiliated to. According to him, a great deal of the unsympathetic and unimaginative attitude of the Government towards the unions stems from the fact that a great number of Government officers dealing with industrial relations have with industrial relations have an eye on the private sector for their future advancement—or retirement.

The great majority of Malaysian workers in pioneer industries are unorganised as present labour laws make it difficult for unions to operate. To hold office in a pioneer industry, a man must have worked in that industry for three years, and this often gives employers the opportunity to get rid of those showing interest in organising their fellow workers.

Again, under the law self-employed workers are not allowed to form a union, which means that the great bulk of the rural workers—rice planters, rubber smallholders and fishermen—cannot be organised. By and large Malaysian unions are small and splintered, and this is due to some extent to the narrow interpretation of the labour laws by the Government. There are some 350 unions in the country, with a membership of 450,000, out of a work-force of 4.3m. The biggest by far is the National Union of Plantation Workers, which according to figures from the Registrar of Trade Unions, has a membership of over 80,000. (The union itself claims a membership of over 150,000.)

The next highest are the teachers, railwaymen, commercial workers, and bank employees, each with a membership of around 10,000. Most unions have less than 1,000 members. The MTUC has been fighting for years without much success to get some of the more restrictive laws removed. However, the present Government appears to be more sympathetic to the unions' grievances than were past administrations. The MTUC met the Prime Minister last October, and wanted more than a hundred amendments to the labour laws, particularly those restricting recognition of unions, collective bargaining, and the exercise of strike action. Some

Manufactured goods

THE MANUFACTURING sector had made rapid strides in the past 15 years, and now accounts for nearly 15 per cent. of Gross National Product. More than 400,000 workers are involved in manufacturing, and if the Government does not run short of its targets (there are ominous indications that it may), Malaysia will be semi-industrialised in another 15 years, with manufacturing the most important part of the economy.

Like most developing countries, with more recruits entering the labour market each year while job outlets in the agricultural sector diminish, Malaysia must look to industrialisation for its economic well-being. Under the Third Malaysia Plan, manufacturing is expected to provide 170,000 new jobs — or 23 per cent. of the total under the Plan.

From independence to the late 1960s, Government policy was intent on encouraging import substitution. In the early 70s, greater emphasis was given to export-orientated manufactures. Malaysia's low labour costs attracted some very big Japanese, Hong Kong, and American investors, who were finding it expensive to set up their plants in Japan, Hong Kong or Taiwan. In the early 70s textile plants and electronics factories mushroomed on industrial estates, with free trade zones around the Klang valley and Penang, and owned by Alliance Textile of Hong Kong, Roray, Mosanto, Motorola, Texas Instruments, Matsushita, Siemens, General Electric and other big names.

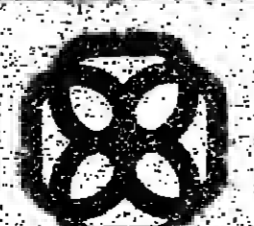
Investments in approved manufacturing companies totalled nearly Ringgit 7bn. at the end of last year, compared to only Ringgit 936m. in 1971. By last year the manufacturing index had risen to 260 (base year 1968) and Government estimates put the index at 300 some time this year, with manufacturing going up by 15 per cent.

However, growth targets in manufacturing will depend greatly on the response from private investors, particularly the foreigners. The Government may demand stiffer terms and greater compliance to the New Economic Policy in the plantation and mining sectors, on the grounds that such industries extract Malaysia's non-renewable resources. But in manufacturing Malaysia is competing with other countries for foreign capital and technology, both of which are hard to come by. The foreign investor is also needed to find the export markets.

After building up a sufficient range of import-substitution industries, the next logical step is to expand the export-orientated industries, and encourage the growth of high technology industries. Investment in manufacturing is running well below the Ringgit 2bn. target envisaged under the TMP. This is all too clear from the latest statistics put out by the Federal Industrial Development Authority. The number of applications to start manufacturing projects fell from 628 in 1974 to 471 in 1975 and to 394 in 1976. The number of project approvals during the same period fell from 525 to 481 to 425. What is even more telling and alarming is that the proposed paid-up capital in those approved projects fell from Ringgit 1.9bn. to 1.4bn. and only 1bn. last year.

It remains to be seen whether the controversial Industrial Coordination Act will permanently damage the manufacturing sector. Having felt the backlash from investors' plummeting confidence, the Government made certain concessions in the Act. Manufacturing concerns with less than Ringgit 500,000 (it used to be 250,000) in shareholders' funds or fixed assets and those employing less than 25 workers are exempted from the Act's provisions on restructuring of equity. This affects most Chinese enterprises and sole proprietorships. Also exempt are mills processing fresh fruits into crude palm oil and rubber processing factories.

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Foreign investors return

THE MALAYSIAN Government has swallowed its pride and braved the criticism of more nationalist-minded Malays in order to go out of its way to calm the nerves of investors—both foreign and local. Privately, many Ministers now admit that the two pieces of legislation—the Petroleum Amendment Act and the Industrial Coordination Act—passed in 1975 had been disastrous in driving away investors. As a result, the authorities have been spending much of the past year trying to undo the harm done.

"I must admit we had had prior warnings about the repercussions of the two Acts," said a Malay Minister. "But we thought we could try and make a frontal attack in the implementation of the new economic policy." The introduction of the two laws could not have been more badly timed. Investors were getting very jittery about the future of South-East Asia following the rapid collapse of Indo-China to the Communists. In Malaysia itself the Communists, buoyed by the Indo-China victories, launched a series of sensational attacks throughout the country. Businessmen in Malaysia were also feeling uncomfortable at the sight of the growing number of Government-sponsored organisations—both federal and State—probing their tentacles in areas traditionally regarded to be the preserve of the private sector.

Against this background of uncertainty and apprehension, the two Acts only served to confirm the gloom. The flow of foreign investments suddenly dried up. Private investment actually registered a fall in 1975 because of the economic recession and the uncertainty, and it picked up by only a miserable 3 per cent. last year—very much below the 10 per cent. target envisaged in the Third Malaysia Plan.

The Government was visibly alarmed: the concern being compounded by the fact that the economy had been performing splendidly during the past year. Yet investors are not showing any interest in taking advantage of the boom.

A couple of Ministerial investment missions were sent overseas to reassure potential investors in Europe and Australia. At some numerous

business conferences were quickly organised, and the very top of the Malaysian cabinet went out to meet the private sector to reassure them about the Government's commitment in the free enterprise system, and that their investments were secure.

A Cabinet committee to stimulate investment was formed under the Deputy Prime Minister, Dr. Mahathir Mohamed. Dr. Mahathir's tough stand towards the civil service unions over the Ibrahim Ali salary recommendations could be partly attributed to the fact that he is keen to reassure foreign investors that the Government would see to it that the unions would remain "responsible" and that wages of the Malaysian worker would not be too much for the employers to bear.

There were charges of "back-door nationalisation" and "Government pressure" coming from the London end.

There was certainly a high level of Government involvement, directly—and, more important, indirectly—in the Sime Darby struggle, as it is inconceivable that Pemas, which holds such a small block of shares, could stage such a coup in wresting control of the company from the British directors. On the other hand, the whole unhappy episode could have been avoided if the British directors had kept tabs on the subtle undercurrents in the Malaysian business scene over the past few years, and were more responsive to demands for stronger Malaysian representation in the affairs of the company.

The writing is on the wall. The Malaysian Government wants Malaysians to run the economy, and it particularly wants the Malays to play an increasing role in this.

Under the new economic policy (NEP) foreign ownership in the modern corporate sector is expected to decline from its present 55 per cent. to 30 per cent. by 1990. The Malay share will be 30 per cent., with the remaining 40 per cent. for the non-Malays. But this does not mean that foreign investments will fail. The Government says restructuring is to take place in the context of rapid growth, so that in absolute terms the foreign share by 1990 is expected to be four times bigger than at present. In the plantations and tin mining industries, the Government wants the NEP immediately. As such, more and more companies now based in London are expected to transfer their domicile to Kuala Lumpur, and restructure their equity in the process. But this, the Malaysian Government stresses, is not nationalisation. As far as possible the Government will not interfere in individual boardroom battles. It is a multi-national company, with plantation, trading, heavy equipment and insurance interests. The Malaysian authorities want to keep it this way, and are not interested in just having off its Malaysian interests. They see Sime Darby to be a unique vehicle for the penetration of other Asean markets.

What is wrong, asks Dr. Mahathir, in Malaysians desiring to acquire foreign companies? "We do not deny all these attractions," counters an American banker. "For the foreign investor doing business in Malaysia is so much easier, and more pleasant than doing business elsewhere. But what is worrying is that the Government may drastically change the rules of the game. This is a legitimate fear, and this has been demonstrated by the introduction of the Petroleum Act, and the ICA." Confidence that the rules of the game are not altered over-ore is particularly important to the big foreign investor, who may take years to show profitable results.

It would perhaps take a whole generation to educate a new breed of bankers who understand they are trustees of public funds, and the proper use of such funds call for a combination of the dynamism of private enterprise, and the social consciousness of the public sector. The structure and management of the banking system are becoming critical with the kind of development plan we now have, with its emphasis on eradicating poverty, and correcting economic imbalances among the various communities, and between urban and rural areas," says Tan Sri Ismail Ali.

The money and capital markets in Malaysia have also grown in recent years, and judging by the substantial amounts of funds which the Government would require to raise domestically for its Third Plan, the local market should remain buoyant in the years ahead. In 1970, there were two rather inactive merchant banks. Now there are 11 such banks with a paid-up capital of about Ringgit50m. Four discount houses are operating in Kuala Lumpur, while there was only one a few years ago.

The main instrument in the money market is the Treasury bill, which has grown in value from less than Ringgit500m. 10 years ago to more than Ringgit1.8bn. Since August 1973 Treasury bills were issued on tender instead of on tap, thereby introducing a further degree of sophistication in the market, as participants had to keep track of market conditions in their bids. The participants in Treasury bills and other Government securities are mainly the banks, borrowing companies and big institutional investors, who have to keep a certain amount of their deposits in Government securities. To improve the liquidity of Government securities, the Central Bank is encouraging their holders to develop an active secondary market.

laboratory scientific equipment. And lots more—such as the manufacture of brake linings and distribution of wines and spirits.

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Most bankers feel that the money and capital markets in Malaysia could expand their activities and develop further sophistication through the introduction of more money market instruments, but Bank Negara tend to adopt a cautious approach in assessing the implications of any proposed innovations before introducing them. "It would not be proper for us to introduce new monetary instruments merely for the sake of increasing variety or because they are successful elsewhere. We need to consider whether or not they would be suitable for the conditions existing here, and whether they would help to achieve the objectives of our national development," says Tan Sri Ismail Ali.

The role of merchant banks in Malaysia, especially as corporate advisers, and arranging for transfer, and under-

writing of loans, was highlighted during the past months, as major Boardroom battles unfolded in the wake of corporate changes. Since their appearance in Malaysia, merchant banks are not allowed to deal in foreign exchange, as the Government feels that commercial banks should get a head start before merchant banks can come into the market.

The most important development affecting the Malaysian Stock Exchange was the application of the Securities Industry Act last December, giving overriding powers to the Government in regulating the activities on the Exchange, and giving legal status to the powerful Capital Issues Committee.

The CIC, set up in 1968, and headed by Tan Sri Ismail, acts as a watchdog for the investing public. Its approval is necessary for all forms of raising capital on the Exchange, including new issues of shares, reconstruction, takeovers, option schemes, acquisition of assets through share issue, and listing of shares. Until June last year, the issue of bonus shares did not require CIC's approval, but the CIC has since sought to control this, as it had noted that public companies were indiscriminately revealing their assets without regard to the accepted standards of accounting.

The Securities Act, based on the Australian Act, and incorporating some features of the American laws, has caused a lot of disquiet among the exchange fraternity. However, the Government maintains that it has to move in to ensure the development of a healthy and sound exchange, as the former Exchanges operating in Kuala Lumpur, while there was only one a few years ago, and the running of the exchange. All those involved in the securities market are required to obtain a licence from the Registrar of Companies. The idea of "seat money" has been scrapped, as the Government feels that such a practice is restricting others, especially the Malays, from joining the exchange. The Act provides for fines and jail sentences for offences like rigging the market, insider trading and the issue of false and misleading statements. However, the most worrying part of the act is the need for members to declare all their assets and liabilities, and brokers are trying to get an assurance from the authorities that this financial exposure will be kept confidential.

Business-wise, dull conditions prevailed on the market throughout most of last year. The market started on an encouraging note, and the industrial index nearly breached the 300-mark in mid-February. Turnover for the first quarter registered 191.1m units, valued at Ringgits 492.6m. However, the market began to slide when genuine support was not forthcoming. The investment outlook was dampened by uncertainty about the local political scene, and industrial legislations. Turnover for the whole year was only 432m units valued at Ringgits 1.01bn., a decline of 30 per cent. and 23 per cent. respectively over 1975. Of the 264 companies quoted on the exchange, 27 remained suspended, 13 of them at the request of the companies themselves. Brokers and dealers complain that this is one reason for sluggish trading, and the dull conditions prevailing during the first quarter of 1977, serve only to compound their gloom.

Another frustration for foreign investors is that often the un- sign Ministers and officials do not filter down to the bureauc the States. There is a over-zealous official, the 30 per cent. participation to be immediately. The says it has set up a committee to assess from industrialists, package deal with the businessmen from around various Government trying approvals for work licences, custom, etc.

Dr. Mahathir tells investors to look at ment's past record, conservative Govern we have seldom been able in the past."

There are indications investment is picking and the Government with the anticipated domestic demand, gifts will be able to official target of 10 growth. The foreign likely to hold back longer, and take for the local investor. Mahathir is, one foreign investments, once the international recession is over.

The private sector, to play the major role in attaining growth, and under the Third Mal Of the total project, Ringgits 48, aged in the Plan, 60, expected to come in the private sector, of which 3,65bn. are expected foreign sources. As the businessmen in the country, the of more money and exp will be in for some

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A FINANCIAL TIMES SURVEY  
WORLD BANKING  
APRIL 25 and MAY 2 1977  
The Financial Times is preparing to publish its annual two-part survey on world banking on April 25 and May 2.

Part 1, on April 25, will include in its edited coverage analyses of the international financial and economic situation; international monetary arrangements; international banking; interest rate trends; gold, foreign exchange in London and reviews of economic industrial developments in a number of countries, mainly in Europe.

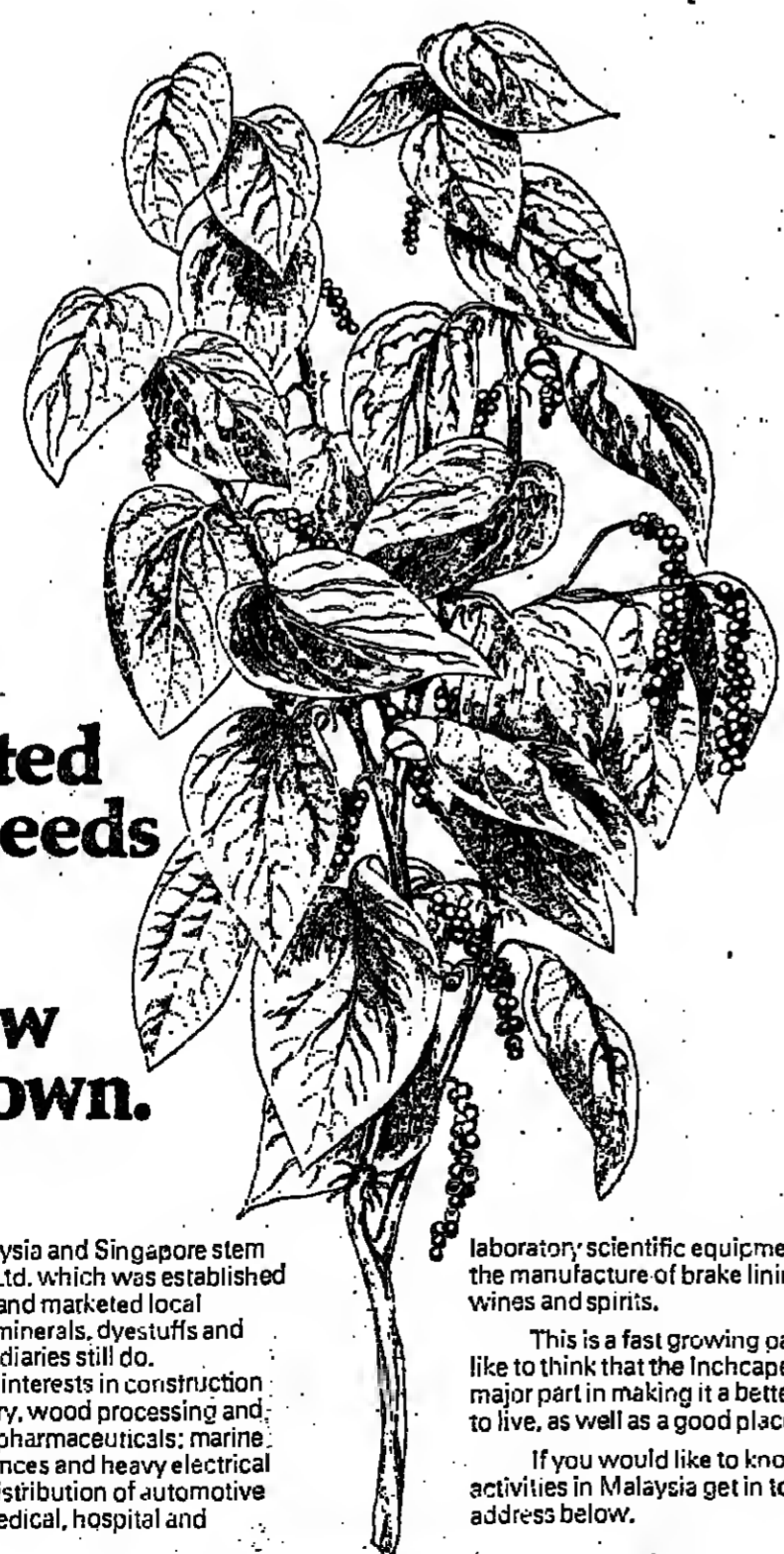
Part 2, on May 2, will contain articles on pound; the dollar; the Euromarkets; profit finance; non-OPEC developing countries; development finance and new international financial centres in the Middle East. Of articles will review financial and industrial developments in a number of countries including the United States, Japan and COMECON nations.

The proposed publication dates are April and May 2; copy dates are April 11 (Part 1) and April 18 (Part 2). For further details of the synopsis and advertisement rates contact Helen Lees, 01-248 3000, extension 2 Financial Times, Bracken House, 10, Cannon Street, London EC4A 3DF. Telex: 855035.

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The content and circulation of the survey is the Financial Times' and will be chosen at the discretion of the Editors.

W.S.

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in 1856.  
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we've grown.



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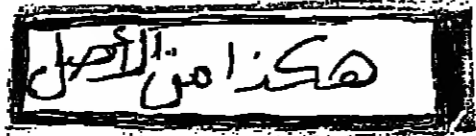
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Handwritten signature or initials in a box.

# Cautious approach to oil

SUCCESSFULLY contractors are allowed to deduct a production sharing maximum of 30 per cent to cover costs (cost oil) while the oil companies, officials remaining amount (profit oil) is Malaysia's national split 70:30 in favour of Petronas. In addition, the oil companies will pay income tax at the rate of 45 per cent. All told, the oil and gas resources deal works out, after tax, to be 83.5 to 16.5 in favour of the producers before it is Malaysian authorities.

The Malaysians will get slightly less than the Indonesian policy of "slow esians, who operate on the 85:15 profit formula, but considering that Malaysian wells are generally smaller, and the unfavourable economic climate prevailing then, the agreements represent a fair and satisfactory settlement for all parties.

The task facing Petronas now that it has assumed the role of the owner of Malaysia's oil, are enormous. Shortage of skilled personnel is an acute problem which cannot be solved easily as experienced oilmen are hard to come by anywhere. The Malaysian National Oil Company is hardly two and a half years old. It began with Teo Gu Razaleigh, and a few office clerks, but it has shown ability and maturity to handle the major oil companies. Right from the start, Petronas has been a solely Malaysian-run organisation.

## Reserves

The relationship between Petronas and the oil companies is still far from being harmonious. Both sides still harbour a feeling of distrust. Petronas officials are not sure the oil companies have given them all the information about oil reserves and about their operations. The oil companies, on the other hand are anxious to operate with minimum supervision and control. Exon wants to recover its costs incurred since it began operations in 1964. It quotes a figure of US\$450m, but Malaysian economy, Petronas is unconvinced. Both sides have resorted to an independent assessor to go through the books.

The Malaysian authorities are demanding that Shell install expensive meters on its seabed pipelines to monitor the actual volume of oil extracted from its Sarawak fields, as they have in other way of finding out

whether Sarawak's oil is not being siphoned off to nearby Brunei Shell.

Petronas officials find the work programmes submitted by the two companies to be lacking in information and frankness. But both sides agree that there is a new relationship, and both parties will take time to adjust, especially after spending two years confronting each other across the table.

"The oil companies may be supplying us with information on only 70 items when we asked for a hundred, but we cannot jump up and accuse them of cheating. In the past they may have been supplying us with information on only seven items," says a Petronas official. "They had been operating in the past, and it will take some time to adjust to a new relationship with us."

Based on available information, Malaysia's oil reserves are estimated at 1bn barrels, which means that reserves would be exhausted in 13 years at a daily production of 200,000 barrels or 9 years if output is at 300,000 b/d.

Natural gas reserves, translated in oil equivalent, are about the same as the oil reserves.

At present, daily crude production is about 180,000 barrels. Shell produces 175,000 barrels and Exxon 5,000. Output is expected to reach 200,000 b/d by the end of this year, with Exxon putting more drills at its Tembung field in Sabah and Shell stepping up its production in Sarawak and Sarawak.

Exxon hopes to put up two production platforms (they were mothballed for more than a year in Japan because of the production sharing talks) in its contract area off Trengganu before the monsoon starts in October, but production from Trengganu for this year will be minimal. It could, however, reach 50,000 b/d by 1980. Over the next two years more than Ringgit 1.5bn is expected to be spent on exploration and production, and most of this development will be undertaken by Shell and Exxon.

During the early 1970s Malaysian officials used to talk excitedly about the coming oil boom, citing projected pro-

duction figures of as high as half a million b/d by 1980. But oil is now seen in a more sober perspective.

Malaysians have never depended on oil for a living. Oil revenue is a bonus—perhaps a timely one, as it will help to finance the huge Government commitments under the Third Malaysia Plan and an expanding armed force to fight the Communists.

Based on a production rate of 200,000 b/d, at a price of \$U.S.14, export receipts from oil are estimated to be more than \$U.S.1bn, of which the share for the Malaysian authorities could be as high as \$U.S.700m.

But on the other hand Malaysia has to import oil (mainly heavy Middle East crude) for its own consumption, currently estimated at 110,000 b/d and growing at a rate of 8 per cent.

Petronas officials feel that oil production should be increased at the rate of 10 per cent a year, which, they say, represents a good growth rate compared to the growth in other sectors of the Malaysian economy.

Petronas is already doing its own marketing of the Malaysian share of the oil. It has an agreement with the Philippines National Oil Company to supply a daily 8,000 to 10,000 barrels, and it recently concluded agree-

ments to supply four Japanese companies. The price is around \$U.S.14 a barrel, which is higher than Middle East crude, as Malaysian oil is low in sulphur content.

The main task ahead is to develop the large natural gas deposits off the Sarawak coast. The fundamental principle of setting a liquid natural gas plant in Bintulu in the State's third division, transportation and marketing of gas to Japan, have been reached between Petronas, Shell and Mitsubishi, but none of the parties are prepared to give a firm date when the whole agreement can be signed and sealed.

Three companies, one to build and manage the LNG plant, another to transport the gas and a third to market it in Japan will be formed. Petronas will take up 65 per cent in the company that will build the LNG plant; negotiations on the other two companies are still going on.

The LNG plant is estimated to cost \$U.S.2bn., making it the single most expensive project in Malaysia, and it will supply 6m. tonnes of LNG annually to Japan for 20 years. The LNG is not expected to be available before 1981, which means that the Malaysian National Shipping Line, which had already ordered five LNG tankers from France at the cost of \$U.S.700m., will have to find some other users when the ships are ready by 1979, and probably suffer some heavy losses in the process.

Negotiations are going on with the oil companies on Petronas acquiring a majority share in the downstream activities like refining and distribution. A Petronas refinery will be built in Trengganu. Talks are going on between Petronas and Conoco on a production sharing agreement. Conoco has found oil off Pahang, but wants a better deal than Shell and Exxon, as it claims its find is marginal, but such an argument is not acceptable to Petronas. Over 50 other oil companies are waiting for a chance to get a slice of the action in exploring in Malaysian waters, but so far Petronas has not begun any negotiations with them. Once again the Petronas line is that there is no need to rush into commitments.

Tan Sri Kadir has talked about Petronas building a urea plant to supply Asean needs, as part of the five Asean industrial projects. He also wants the local market to be supplied with petroleum and petroleum-related products at reasonable prices. All these plans will take a more concrete form once the masterplan on oil is ready.

W.S.

# Happier times for rubber

IN NOVEMBER, 1974, barely three months after he was made Minister of Primary Industries, Datuk Musa Hitam had to rush up to the Sik and Baling districts in Kodah to face the wrath of several thousand rubber smallholders. They jeered when he tried to explain the mechanics that govern the rubber price, and how little the Malaysian Government could influence the market. For the demonstrators the hard fact was that the rubber price had fallen to its lowest since the Korean war, and most of them were earning barely enough to feed their families. As Datuk Musa recalls, facing these angry and hungry farmers was a traumatic experience.

Recently he was back in the same area—this time to open a school hostel built by his Ministry for promising students of the smallholders. He was given a good welcome. The farmers were smiling, and when he recounted his visit in 1974, many of them were clearly embarrassed.

Like other rubber-growing districts in Malaysia today, there is an air of well-being in the Sik and Baling districts. The rubber price had been good throughout last year, and promises to remain good for

the coming years. Prices of consumer goods are more stable these days, and the people of Sik and Baling are looking forward to the development projects that the Government had promised them after their demonstrations. Even for the share-cropper, who is a tenant on the rubber holding that he taps, life at the moment is fairly tolerable.

## Estates

All objective calculations so far indicate that the rubber price is likely to remain high right through to 1980. Several 'international' organisations have projected the price to remain between the 2 and 3 ringgit per kilo mark during the coming years, and at such prices Malaysian rubber producers, on both the large estates and smallholdings, should have no cause to complain.

Tan Sri B. C. Sekhar, the Controller of Rubber Research is one man who has always had complete confidence in the future of the Malaysian natural rubber industry. "A noted chemist, and winner of the Magsaysay award (Asia's equivalent of the Nobel Prize) for his contribution to the rubber industry, he had been telling a threat anyway.

But no one can definitely say that the rubber price will not fall drastically. The severe winter, which led to the temporary closure of car plants in the U.S. in January, will have some adverse effects on the rubber industry. The constant and sometimes extreme fluctuations in rubber prices, and the effect on social and economic stability, explain why the Malaysian Government is so keen to see that the international rubber price stabilisation scheme works.

It appears that he is right. The International Rubber Study Group predicts a world shortage of 1m. tonnes of NR by 1980 at present production rates. World consumption of NR is expected to double from the present 3m. tonnes to 6m. by the latter part of the 1980s. From the 1950s to early 1970s, synthetic had been eating more and more into NR's share of the market, but the position is likely to be reversed in the late 70s and the 80s. NR can be expected to increase its share in the world market from its present 32 per cent to 43 per cent within a decade. There are a few people who still maintain that synthetic is a threat to NR, but the Malaysian authorities are confident that the rising trend in oil prices, and environmental constraints, will take care of such a threat anyway.

## Ceiling

The price stabilisation scheme set up by the Association of Natural Rubber Producing Countries (ANRPC) last November is modelled on the operations of the tin buffer stockpile of the International Tin Council, with its ceiling, floor and medium price bands. ANRPC members agreed on a 100,000 ton stockpile, which appears to be rather small to give effectiveness to the scheme. (Malaysia had originally wanted a 300,000 tonne stockpile, or 10 per cent of world production, but had to scale down its proposal to accommodate the views of other members.) Since the signing of the scheme the smallholders and estate

stockpile operations have not been put to the test, as the rubber price had been good. The ANRPC has been urging members to produce more rubber to meet demand. The real test will come when the price falls.

Rubber is Malaysia's biggest employer and revenue earner. More than half a million people work on the rubber smallholdings or on the estates, and last year Malaysia exported 1.6m. tonnes of rubber, worth more than Ringgit 3.2bn. In both exports and revenue last year's performance was a record for rubber. By next year oil will probably nudge up to claim the top slot as Malaysia's export earner, but oil can never have the same social and economic impact on the lives of Malaysians as the milky latex that oozes out every morning from the rubber tree.

Accepting that the future looks bright for rubber, there are still some major challenges ahead. The most pressing is to improve the income of the smallholders and estate labourers. The future of thousands of families who had joined the FELDA land schemes seems to be assured, but the majority of the smallholders and estate

CONTINUED ON NEXT PAGE

# Investors...take note!



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# Plenty to attract the tourist

TOURISM has registered steady growth over the years with more than 1m. visitors recorded since 1974. Last year, a difficult one for the travel industry at large, brought some 1.225m. visitors and with the five-year-old Tourist Development Corporation (TDC) pursuing an aggressive marketing campaign further growth seems assured.

Malaysia offers many attractions. A typical TDC brochure paints the country as a "tropical wonderland" with lush greenery stretching from the coast to the mountain tops. The modern cities, the network of roads which are indisputably among Asia's best, luxury hotels and variety of shopping centres and holiday resorts provide a range of choice to satisfy even the most hardened tourist. The cosmopolitan society projects the image of "instant" Asia with a mingling of Malays, Chinese, Indians, Kadazans, Dayaks and others who still practice their traditional customs and retain their native dress and festivals.

Other tourist draws range from waterfalls and the picturesque beaches of islands like Langkawi to the wilderness of the National Park located in the heart of the jungle. These now established attractions of the industry, combined with a sound infrastructure, have boosted foreign exchange earnings from the industry from some Ringgit 275m. in 1972 to almost Ringgit 400m. in 1975.

Because of its labour-intensive nature—the industry employs an estimated 30,000—tourism has opened a new avenue for implementation of the Government's new economic policy. Bumiputra participation, particularly in related services like transportation, has risen.

The Third Malaysian Plan foresees further growth, with visitor arrivals projected to reach 1.9m. by 1980. The industry's growth potential appears restricted only by the Government's cautious approach to further expansion arising from a desire to ensure that traditional customs and cultural values are not sacrificed in the rush for the tourist dollar.

But while long-term prospects appear bright, the industry has a modicum of immediate problems. When most other sectors began to shake off the effects of the worldwide recession last year, the relative prosperity of the industry had begun to fizzle out. Before intensive promotional efforts in Europe had begun, raising air fares were raised, resulting in a drop in long-haul arrivals.

Although visitor arrivals were up 3.5 per cent last year (this does not include arrivals via the causeway because of the difficulty of differentiating day-pass visitors from Singapore on hona fide tourists) long-haul arrivals from Britain, Australia, New Zealand, Western and Eastern Europe were down

some 7 per cent. Arrivals from the U.K. alone were down 15 per cent. Japanese arrivals responded well to the TDC's promotional efforts in Tokyo and other cities to rise 30 per cent to 63,000 but this gain was not large enough to offset the overall decline.

The drop in long-haul visitors has had a significant impact on at least the current fortunes of the hotel industry, in which some Ringgit 245m. has been invested over the past six years. In 1971 there were 4,900 rooms of international standard available. To-day the country has some 12,000.

Occupancy rates have plunged and luxury class hotels may have to shut down as many as a quarter to a third of their rooms. Staff retrenchments appear likely if the situation does not improve.

## Favourite

Penang, for long a favourite of the European and Japanese tourist, has been particularly hard hit. With Thailand's tourism in the doldrums because of political uncertainties, fewer visitors to Bangkok are spilling over into Penang.

At least part of the industry's current problems stem from the low-key approach to domestic tourism. Well over 1m. Malaysians go abroad each year but not enough travel domestically to sustain the industry during off-peak or lean periods. It is

still easier and cheaper for Malaysians to visit Sumatra and Thailand than for them to travel between peninsular Malaysia and Sabah and Sarawak.

To rectify this situation and, hopefully, channel part of the large numbers going abroad to domestic resorts, the TDC recently commissioned a study on the habits of domestic tourists, their needs and places of stay.

Although about 700,000 of all arrivals, excluding those who came across the causeway, were from the other four Asean countries, many in the industry feel that not enough has been done to promote regional tourism or to co-ordinate Asean efforts in attracting tourists from outside the region. So far only the Philippines has seen fit to extend the current 14-day no-visa facility for Asean nationals travelling within the region to 21 days.

Asean national airlines are also reluctant to accord attractive enough discounts on some of their more lucrative routes for intra-Asean travel, while the Asean permanent committee on tourism has not gone far beyond production of Asean posters and convention brochures because of a restrictive budget.

On the domestic front the TDC has set itself an ambitious work programme to lay the infrastructure for future expansion. Among the major projects now underway are a



Dragons and demons at the entrance of the Thai Buddhist temple.

# Palm oil tops world league

MALAYSIA carved out an even bigger slice of the world's palm oil trade last year, increasing its share of global output to some 45 per cent against 42.5 per cent in 1975.

Adverse market conditions largely arising from oversupply in the vegetable oil and fats market and a strong lobby against the commodity in the U.S., however, rubbed palm oil—star performer of the agricultural sector during the first half of this decade—of much of its lustre but helped reinforce official views on the need for long-term measures to stabilise the industry.

Malaysian palm oil moved firmly into the forefront of the edible oil market with production totalling some 1.3m. tonnes last year, a 9.4 per cent up from 1975. Official projections are that the industry will expand production by an annual average of 15 per cent until 1980, as an increasing number of planted areas reach maturity.

Exports of both crude and refined palm oil were 14 per cent higher at 1.3m. tonnes but with prices depressed at an average of about Ringgit 844 per tonne, export earnings were 24 per cent lower at some Ringgit 1.1bn.

The easier market pushed palm oil from second place in terms of export earnings in 1975 to fifth place behind rubber, petroleum, timber and tin.

## Planted

Since the early 1960s when the Government pushed ahead with its plan to diversify agriculture away from rubber, oil palm cultivation has registered spectacular growth. At the end of last year there were 646,570 hectares under cultivation compared against only 76,000 hectares just 10 years ago.

Almost 42,000 hectares are estimated to have been planted last year but new cultivation is likely to decelerate from this year to an average of 32,000 hectares annually until the end of the decade, largely because of growing apprehension of oversupply.

Cultivation by the two Government-sponsored agencies, the Federal Land Development Authority (FELDA) and the Rubber Industry Smallholders Development Authority (RISDA) are also expected to be hit by the recent U.S. decision to withdraw support for international lending pro-

grams designed to promote exports of palm oil.

Although the U.S. action stopped short of demands by the soyabean oil lobby for imposition of import quotas and duties, the move will have a significant impact on new growing by FELDA, which has financed schemes with loans from the World Bank and other multilateral agencies.

Production, however, will continue to expand for the next six or seven years because of the large acreage that has not yet reached maturity, while even the oldest palms will not need replanting until 1985.

Last year FELDA boosted its planted area by 8,200 hectares to an estimated 192,564 hectares. The Authority, which is now the world's largest single producer of palm oil, increased output by some 23 per cent to an estimated 370,000 tonnes, roughly 26 per cent of total Malaysian output.

Much of the adversity palm oil now faces in the U.S. stems from inroads into the American market as early as the mid-1960s when supplies of cottonseed oil (fob), export earnings were 24 per cent lower at some Ringgit 1.1bn.

While the Government has admitted that the current rate of expansion cannot continue indefinitely without a situation somewhat similar to that faced by the rubber industry in the 1960s, developing progress towards regulating the industry has been very slow.

The Palm Oil Registration and Licensing Authority (PORLA) Bill, passed by Parliament eight months ago, is still awaiting implementation and officials are somewhat embarrassed that progress has not gone beyond the shortlisting of potential candidates to head the body. PORLA has been given the all-important task of ensuring that further expansion in production is in line with world demand. To achieve this it has been accorded wide powers to regulate supply, sale, distribution, storage and exports of palm oil, fresh fruit and palm kernel.

It will co-ordinate the work of departments and agencies connected with the development of industries producing or using refined palm oil while

working to maintain a standard of oil important role in the current industry is in, expected to make felt until late the earliest.

Much of the advances the industry recent years have the efforts of private research institutes that much of the term prospects widening the range of end-use moves are now setting up a search institute.

Primary Industries lining the need for such a search institute, approval of the development. Plans for a search.

At least part of that palm oil ear this year stems added through domestic refining, her last year of refining and plants in operation to 13 in 1975. We and value of re-ports rising rapidly ment last year if the first time, on all processed.

New markets sought in West Pakistan, where much headway because of palm oil price differential edible oils. Producers will also try the added lower freight charges.

The Exchange in-puter system at- misses last year, rubber brokers in Kuala Lumpur are to the Exchange system, which is a monitor transac-tions exchange rates matters relating to.

The Exchange is self for the role, a clearing house for commodities, mark produces rubber, timber, tin and pe-stantial quantities, modities market in which the authority priority. An Amer-dities exchange sys- engaged to exami- nce of operating in Kuala Lumpur.

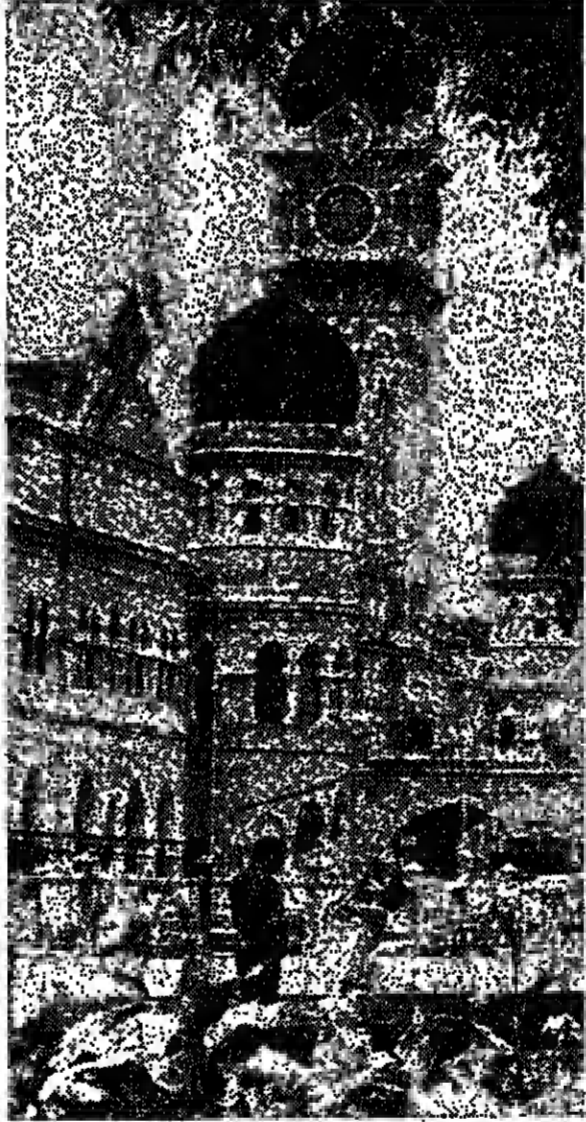
The Exchange's ing division is al- panded to cater for requirements of other commodities, palm oil and timbe- the Far East Frei- ence's announcement per cent increase in July this year, it has decided to pull of the FEFC Gen- Tariff System, and FEFC for a separ- attractive shipping for Malaysia's rub- ber.



Malaysia's beautiful hand-printed batik and rich hand-woven songket (brocades) are famous the world over. They come in a riot of colours and patterns.



In Sarawak, an Iban debauntie dons her ceremonial headdress for a festival in the longhouse — an extended communal home which can hold from 10 to 100 families.



A major landmark of Kuala Lumpur, Malaysia's capital, the Moorish-style Sultan Abdul Selam building was completed in 1897. It overlooks the Selangor Club and padang where sodate games of cricket are still being played.

If you dream of a vacation full with all the magic of the East, there's one place you must go.

All you ever dreamed of the East. All the people, the cultures, the foods, the costumes. The mosques and the temples. The spice of cooking. The spice of living.

Palm trees running down to deserted white beaches. Bazaars to bargain for handmade treasures. The warmth of the sun only challenged by the warmth of the people.

It's all here in Malaysia. We're just north of the equator. On our west coast the Straits of Malacca flows into the Indian Ocean and the South China Sea cools the beaches on the east.

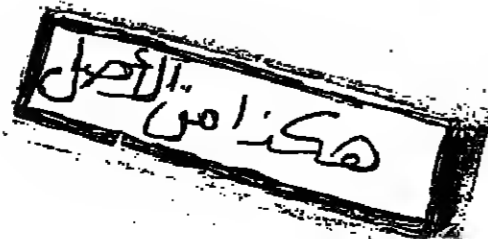
As traders of old found, Malaysia is a perfect stop on a journey. But you'll very soon realise why so many people wish to stay on.

We have so much to tell you. About the beautiful hospitality of our hotels. How surprisingly inexpensive a holiday can be here. Write your name and address on a piece of paper and post it to us. Do it now. You've waited long enough.

Tourist Development Corporation of Malaysia, 17 Curzon Street, Mayfair, London W1Y 7FE, UNITED KINGDOM, Tel: 01-499 7388

# MALAYSIA

It's all here.





SOCIETY TO-DAY

# Fewer Class V babies • urban decay

THE under-class of manual labourers is growing. Fresh evidence has appeared in the past few days, while most of us have been talking about typists, clerks, salesmen, shop assistants and — on the manual side — cooks, railway guards, plasterers, bricklayers, and other skilled workers.

But if you lump together social classes I and II at the

The story at the other end of the scale is almost exactly the reverse. Social class IV (barmen, bus conductors, canteen assistants and so on), together with class V (cleaners, stevedores, labourers, lorry drivers' mates) produced 168,000 offspring, or just over 23 per cent, in 1970. In 1975 it was down to 112,000 births, or just over 20 per cent of the total.

There are several explanations for this phenomenon, some of them backed by a certain

What cannot be known at this stage is the degree to which families in these classes will return to the former practice of having large numbers of children if, say, the economy takes a marked turn for the better.

Yet one of the likely contributing factors suggests that our society will not arrest its declining birth rate, or stop the more rapid decline in the number of children born to manual workers, without a change in taxation and social security policies. This is not to say that such a change is a desirable means of attempting to counter demographic trends, or even that it is necessarily a had thing that our population has begun to fall; it is just that the whole balance of social spending and taxing over the past generation has been weighed against families with children, with an increasing number of chips pushed towards the pensioners' pile.

maintaining the necessary conditions for capital to flourish, organised a conference under the chairmanship of Lord Seebohm at which we debated ways of discovering new entrepreneurs, or old ones in difficulties, and channelling the help of experienced businesses in their direction.

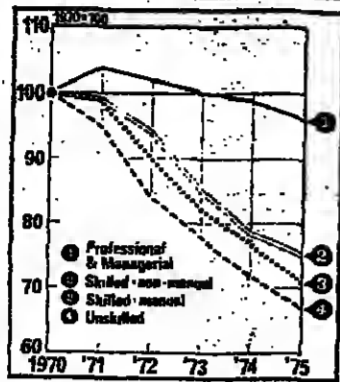
Some local authorities are less helpless than others, and it appears from what we were told at that conference that Greenwhich has, of its own accord, attracted new jobs and companies by the simple expedient of appointing an "employment development officer" who not only told the businessmen what the council was up to, but told the councillors what the businessmen required.

From Arthur Tait, of ICI (Mound Division) we had an account of why it is in big business's interest to help small companies — and I say this knowing the snort of suspicion justified that will come from the anti-capitalists of the CDP. The interest is, of course, primarily in reducing local unemployment, especially in areas where a company as large as ICI can be dominant, but there are other good commercial reasons, such as the increasing need to have peripheral activities to employees or new entrepreneurs who can do them better and cheaper than the mother company.

If Mr. Shore's new White Paper shows that he has thought about all this, good. But if not, he can perhaps console himself with the news that the CBI's absence of its support was noted at the IBM/URBED conference.

Analysis, by David Pearce, of the 1975-76 edition of the Statistical Service Population Trends, published last Thursday, shows that the rate of population growth has slowed since 1971. The proportion fell to 1.20 years later. What has happened since then — since suggested by a recent of birth rates, which it falls in the number of births every year being steepest among the king classes.

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**BIRTH RATES BY SOCIAL CLASS — ENGLAND AND WALES**

Year	Total births ('000s)	Professional/Managerial %	Skilled non-manual %	Skilled manual %	Unskilled %	Unemployed %
1970	720	20.5	10.5	41.8	23.3	—
1971	717	21.6	10.5	41.6	22.3	—
1972	663	22.9	10.7	41.0	21.3	—
1973	618	23.9	10.5	39.8	21.2	—
1974	583	25.0	10.3	39.8	20.6	—
1975	549	25.9	10.4	39.0	20.4	—

\* Including Armed Forces, Students and Others not in the occupational classification. Source: Population Trends.

top and IV and V at the bottom, it is seen that the upper groups are responsible for an increasing share of births, while the lower groups account for a falling share. The table shows this in detail. In 1970 classes I and II — doctors, lawyers, other professionals, managers, teachers, nurses, MPs, senior civil servants, and the various others put in these categories by the census takers — produced 148,000 babies, or about a fifth of the total for England and Wales in that year. Five years later the number of births to parents in these upper classes was 142,000, or more than a quarter of the total.

amount of serious research and some of them, by guesswork. Upward mobility out of the manual-labourer class is a more common aspiration than some people seem to think; the notion that if one's father is a stevedore then stevedoring is the only possible future is apparently fading away. At the same time an increasing proportion of women married to unskilled manual workers is going to work, although the social pressure on wives to stay at home, clean the house and rear children are apparently a long time dying. The part that TV has played in breaking up

than can be extrapolated from the number of births recorded in each of the past five years, two of them being depression years. It could be that lower working class families have simply postponed having children.

When asked whether they want more children or not, the parents in classes IV and V seem less certain, and less consistent in follow-up interviews than others, according to Ann Cartwright and Warwick Wilkins, in "Changes in family building plans," published by HMSO last year. The two lower classes were found to be more likely to change their minds than others.

When the buyer is in the public sector and will have a standard form of bond wording, the exporter has little scope for negotiation. In the second instance, however, it is not uncommon for an exporter to satisfy the bank's requirements by providing for the bond to be called "on demand" against a specified document, for example, a letter from the exporter himself admitting default or an arbitration award in favour of the buyer or a ruling by an independent consulting engineer against the exporter. The exporter has his protection against the "unfair" call and has relieved his bank from entering any dispute. Many buyers, particularly in the private sector, are not as adverse to negotiating over bond wording as one would think and the inclusion of the emotive words "on-demand" has occasionally been enough to satisfy the buyer.

## Letters to the Editor

**advised**  
**net**

Greater London Council member for Finchley, on the council loan was recently the council, most of the Bank of London all the small, that is, those from 10, this matter during the session of the last meeting of the GLC's finance board. In my view, we were as that to make allotment investors in this have "prejudiced the bank later the new loan, also heavily bed and containing a cut provision similar corporation loan practised in full to all up to £50,000. I am instructive to the Bank how it is contrasting tactics. If investor's money is in future GLC loans, it make more sense, less time to start a minimum application, £500 instead of £100 place? E.M.S.Z.

## and mail

**yes**

If correspondents on mail charges (March 25) would seem to be the common misconception that in real terms more. In fact, they are price charged may be the effect on the ss. The average wage is a week, whereas in 60s, that is, each per £1 to spend instead send a 2lb parcel in 3d, a first-class letter, pinta cost 3d. At 10s, if the price charged relative to 1937, a 2lb parcel would cost your letter 12 1/2p (8 1/2p) 25p (11p). Once parcels charge a still slightly lower, hardly be criticised as services when its m letters is 32 per cent. On the other hand is ridiculously cheap, than half of the 1937 be same formulae, used now, be around 1d) per gallon, whisky (6d) per bottle and use rents £12 (12s). In no other time should 1.67p (2d). You will agree that as had the effect of ists and profit margins left of the consumer some benefits are in others.

## personal

**yes**

A. Bryant. Undermentioned ex- letter from Nicholas Chapter XVI), written P to a delightfully most efficient market, whereas those e at the present time, stocks which attract very little by no personal market interest are less efficiently it moved only by high priced and provide opportunity t constitutional con- analysis of one kind or another. Of course, should institutional Investors recognise this fact and compared with their previous Index match at least part of their

## Monopolies and design

From the Honorary Director, Design and Industries Association.

Sir—May I comment briefly on the letters of Mr. Young (March 19) and Mr. Proctor (March 23) about the Post Office's new telephone design? State-owned businesses enjoy the privilege of monopoly which is denied to private enterprise. They exist to provide services in the most efficient way at the lowest possible cost. The object of commercial companies is to earn a profit for shareholders. They are at liberty to make any product they believe consumers want—or can be persuaded to want. (When their advertising exploits children to "pester" parents for un-needed objects, they are, however, reasonably criticised). Business policies appropriate to private industry are therefore rightly condemned when they are followed by nationalised services in monopoly situations. A telephone should be functional, good-looking, fit for its purpose, and unmistakably a telephone. Any improvement in its design should also be a cost reduction. To waste money and resources on pandering to the nostalgic desires of too-rich consumers for non-functional candlesticks is anti-social. It would be better spent on improving the alarm-call services like Mr. Steen are able to reach the House in time for important divisions.

## Random walk hypothesis

From Mr. D. Damant.

Sir—Further to Mr. Mukerjee's letter (March 25) in which he claims that the London Stock Market is not an efficient market, it may be interesting to note the work of D. H. Girman and A. E. Benjamin: "Random Walk Hypothesis for 943 Stocks and Shares Registered on the London Stock Exchange." This study, which dealt with the statistical characteristics of a series of share prices, and with no other factor, found that 30 per cent of shares showed a random performance, 20 per cent non-random and the balance indeterminate. The 30 per cent which showed a random series were concentrated in the list of large, marketable securities and the 20 per cent non random in the small, unmarketable securities. Insofar as there is a connection between the randomness of Stock Exchange behaviour and the efficiency of the pricing of the stocks (and I would argue that this connection is not as tight as some commentators such as Mr. Beckman believe it to be), this study by Girman and Benjamin is completely in line with the conclusion that leading shares, on which institutional skill and historical exercise are constructive is to fail mentioning the results of successful mergers e at the present time, stocks which attract very little by no personal market interest are less efficiently it moved only by high priced and provide opportunity t constitutional con- analysis of one kind or another. Of course, should institutional Investors recognise this fact and compared with their previous Index match at least part of their

## Export credit guarantees

From Mr. C. Price.

Sir—On March 21 your insurance correspondent drew attention to the risks run by exporters who have to provide "on demand" bonds to support their overseas contracts and be asked "What can the exporter do?" As far as the bond wording is concerned, frequently the answer is "very little," and this for two reasons. Firstly, the buyers particularly in the Middle East and in the Soviet Bloc will not accept anything less than an unconditional guarantee and, secondly, international competition can enforce their wishes on exporters. Secondly, in the U.K. and most other countries by far the greater proportion of bonds issued is provided by banks, who do not feel able to become involved in disputes between their customers and the third parties and prefer an unequivocal obligation to pay promptly and without demur, as indeed their international reputation requires. In the U.K. for example, despite the laudable efforts of such bodies as the Export and Guarantee to promote the conditional bonds, the surety market is simply not as well developed as it is for example in the U.S.

## Reasons for mergers

From Mr. N. Stacey.

Sir—Perhaps a reason for the apparent higher concentration of (some) industry in Britain compared to other industrial countries may be accounted for by the added difficulties experienced in recent years of small private companies to grow. No journalist, civil servant, politician or don can appreciate the vicissitudes of the small scale entrepreneur to gain a foothold in a beyond the stage; his problems to survive loom much larger to-day than a decade or two ago. Hence, an inadequate number of companies have grown into large firms which could have reduced concentration and enhanced competition. It may be useful to suggest that in his article—on the nature and outcome of mergers (March 24)—Mr. Owen does not comment on why some of them appear to have gone sour; nor are any suggestions offered on what type of company marriages fall in the desirable category. There is a hazard that mergers, as such, will be condemned—especially by those totally removed from business—since their favourable features and the beneficial effects of successful get-togethers are rarely discussed. Two of the crasser manifestations of the "English disease" are an enlarged devotion to historicism — especially in economics — and to abroad critical comments in unrelieved gloom. To evaluate current-day happenings in the takeover business in terms of the 1960s genre of condemnatory mergers, avoids candour and without good reasons — not that Mr. Owen's article falls in this trap — and like many other commentators assume postures which arise from such chic trendy values as anti-technology, anti-profit, or anti-risk. I am sick of the cult of the anti-hero in business. Nicholas A. H. Stacey. Reform Club, Pall Mall, S.W.1.

## Laughter on record

From Mr. D. Richards.

Sir—I cannot share Chris Dunkley's view (Television, March 23) that the Annan Commission appears to look absurd over its demand that dubbed audience reaction be removed from programme recordings. It is not before time that "canned laughter" is officially shown to be the disgrace that it is. The continued existence of certain programmes both domestic and imported owes a great deal to the reaction he removed. If the initial audience reaction at the time of recording is poor, those responsible should have the courage to let the programme stand or fall on its own merits and not try to influence the viewer and insult his intelligence by these artificial means. Mr. Dunkley referred elsewhere in his article that between them the BBC and ITV are pro-

## Success and size

From the Managing Director, Associated Independent Stores.

Sir—It seems a pity that the board of Brown Muff appears to equate success in the department store sector with size (March 23). There are many relatively small independent stores who compare favourably with some of the larger groups in terms of return on capital employed. Undoubtedly the future is always uncertain for the independent business — large or small — and the answer must ultimately lie with the management and direction of the business. While it would be incorrect to suggest that membership of a voluntary buying group could protect an inefficient department store or on its own correct an adverse profitability situation, nevertheless membership of such a group does provide an independent store with a certain degree of basic strength enabling its management to compete on equal terms with the large national groups. Independent stores, providing their basic values and ranges are competitive, have the considerable advantages of flexibility, individuality in what is becoming an increasingly standardised area, and the ability to provide a specialist approach to what may be small but highly profitable sectors of the market. For an aggressive retailer whatever their size operating within such a buying group framework, the future need be anything but uncertain. T. M. Sheward, Associated Independent Stores, 157, Edgware Road, W.2.

## Letters to the Editor

**GENERAL**

Mr. Denis Healey, Chancellor of the Exchequer, presents his Budget.

EEC Energy Ministers and Research Ministers meet, Brussels.

Mr. Robert Muldoon, New Zealand Prime Minister, arrives in London for four-day visit.

Mr. Nicolai Podgorny, Soviet President, scheduled to leave Zambia for Mozambique to end his tour of "frontline" African states.

Anglo-U.S. air agreement talks continue, Washington.

EEC Regional Policy Committee visits British investment projects aided by its Development Fund.

Mr. Michael Foot, Leader of House of Commons, speaks in British Airways Board Bill.

## To-day's Events

House of Lords: International Finance, Trade and Aid Bill, Job Release Bill and Nuclear Industry (Finance) Bill, third readings.

Representation of the People Bill, committee and remaining stages.

Passenger Vehicles (Experimental Areas) Bill, third reading. New Towns (Scotland) Bill, second reading. Town and Country Planning (Scotland) Bill, consideration of Commons amendment. Returning Officers (Scotland) Bill, committee and remaining stages. Patents Bill, committee.

COMPANY MEETINGS

Ashdown Investment Trust, 120, Chesham, E.C. 3. Yeoman Investment Trust, 3, Waterloo Place, S.W.3.

# COMPANY NEWS + COMMENT

## Barratt slips but unit sales up 30%

FIRST half in end-December, 1976, turnover of Barratt Developments increased from £33.28m to £45.76m, but pre-tax profit dropped from £4.26m to £3.94m. Margins have been under pressure with cost inflation and the incomes policy taking their toll, state the directors.

However, despite the severe economic climate currently affecting the house building industry, the number of houses built and sold rose by 30 per cent, making a total of 8,000 for the full year 1976—this is the fourth consecutive year in which this rate of expansion has been achieved, it is stated.

The net interim dividend is being raised from 1.5297p to 2.30p per 10p share—last year's total was 6.3525p and profits were £9.7m, a record.

The strong forward sales position, supported by the excellent land bank, will enable the group to take full advantage of the recent upturn in the private sector. Current housing activities extend over 260 developments throughout Britain, say the directors.

The group's involvement in both contracting and commercial development continues to make satisfactory progress; in particular future rental income will receive a substantial boost from two fully let major office developments in Scotland which will be completed this year.

Company	Page	Col.	Company	Page	Col.
Assoc. Sprayers	27	8	Metalrax	27	7
Barratt Developments	26	1	Mucklow (A. & J.)	27	3
Black & Edgington	26	7	Ofrex Group	26	3
Brent Chemicals	26	5	Paterson Zochonis	26	6
Burgess Products	27	3	Pifco Holdings	26	7
Clayton Dewandre	26	4	Quick (H. & J.)	26	3
Duray Bitumastic	26	6	Reckitt & Colman	27	1
Edinburg & Dundee	26	5	Rolls-Royce Motors	28	5
Fisher (James)	26	5	Scottish Life	27	7
Freemans (S.W.9)	27	4	Willis Faber	26	2
Inverisk Group	28	5	Wolstenholme Bronze	27	4

The loss per share is given at 38 cents (earnings 142 cents) and there is no dividend compared with a total of 50 cents.

After a tax credit of \$0.75m, Blackwood Hodge has a 75 per cent interest in Blackwood Hodge (Canada).

Blackwood Hodge has a 75 per cent interest in Blackwood Hodge (Canada).

## Willis Faber pays 7.5p

DUE LARGELY to the inflow of additional business to London, appreciation of foreign currencies and substantially improved results from associated companies, pre-tax profit of Willis Faber for 1976 was £16.32m., against £10.15m. for 1975. This compares with a forecast £15.25m. for the company was introduced to the Stock Exchange in November 1976.

The directors state that in view of the higher profit, they have decided to recommend a final dividend of 7.5p net per 25p share, against a forecast of 4.5p. This makes the total for the year 7.5p. Earnings were shown at 18.83p against 12.34p. Because of the reorganisation of the company's capital which occurred as a result of the introduction there is no comparable figure for the dividends for the previous year.

1976	1975
Income	10,687
Expenses	21,344
From insurance company	13,222
From other companies	214
Group profit	11,737
Share expenses	2,207
Profit before tax	16,324
Taxation	8,691
Net profit	7,633
Extraordinary items	1,200
Attributable	7,211
Preference dividends	85
Final	2,099
Interim	4,639
Group	4,339
Associates	420

ANNOUNCING a 28 per cent advance from £1.71m. to £2.19m. in pre-tax profit for 1976, Mr. George Drexler, chairman of Ofrex Group, reports a buoyant start to 1977 and forecasts a further strong improvement.

The first two months of 1977, he adds, are the most promising that the group has recorded for several years. Virtually all companies have achieved record figures.

At the interim stage, pre-tax profit was up by 18 per cent. from £1.02m. to £1.2m.

Turnover for the year rose by 13 per cent. from £21.1m. to £24.9m. After tax up from £9.9m. to £10.8m., earnings increased from £0.81m. to £1.1m. equivalent to earnings per 20p share of 8.67p (2.63p).

A final dividend of 2.01p raises the net total from 2.58p to 3.16p. There was strong competition for the group both at home and

abroad, says Mr. Drexler, and prices were not increased on the scale at which spiralling costs could have warranted. The results therefore reflected the 'streamlining' and slimming down of the operation which, coupled with increased efficiency and productivity all round, was beginning to bear fruit.

The recovery at Ofrex is taking slightly longer to complete than was hoped. There have been further redundancies this year and the engineering company continues to make losses. Nevertheless, there has been real progress. Against the very depressed second half of 1976, profits in the six months to last December rose 47 per cent, and the turnaround to a small profit in the States reduced the tax burden to the advantage of net earnings. This year France should also make a small first-time contribution. At home, Rexcel's recovery is the significant factor; together with Industrial Fasteners (which has continued to advance), it again forms the backbone of the company. This year the export order book has started off well and, though home stocks are still high, the only real weakness is on the engineering side. However, at 63p the share gives a p/e of 7.3 which probably fully reflects the prospects. The yield is 7.7 per cent.

## Clayton Dewandre lower

AFTER LITTLE change at half-way with £1.39m. against £1.57m. in pre-tax profit of vehicle equipment manufacturer Clayton Dewandre Holdings for 1976 slipped from £2.8m. to £2.57m. Sales, excluding associated companies, were higher at £40.5m. against £36.2m. The profit included a 50 per cent increase of £196,306 compared with £132,608. Stated earnings are down from 10.2p to 9.6p per 25p share, and the dividend total is 5.97p against 5.45p (adjusted) with a final of 4.07p.

The tax charge was £1.25m. (adjusted) against £1.5m.

Sagging demand for commercial vehicle components beset Clayton Dewandre throughout 1976, and a 21 per cent. drop in second-half profits has left the annual profit level 8 per cent. lower. The whole commercial vehicles sector was depressed during 1976, with production for the home market slipping by 5 per cent. The export markets held up rather better but this is an area where the group still seems to be lagging behind its competitors. In 1975 its exports represented only 11 per cent. of total sales and it apparently fell below that last year. Commercial vehicle production is improving in the current year. In February output for the U.K. and export markets combined was up by 3 per cent. and the group is now enjoying better conditions, though increasing costs are keeping margins under pressure. The shares at 79p are on a yield of 12.3 per cent. and a p/e of 7.8.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre. of sp. div.	Total for year	Total last year
Barratt	2.4	May 27	1.83	4.23	6.58
Black & Edgington	14.5	May 27	2.9	17.4	23.31
Brent Chemicals	1.87	May 27	1.18	3.05	4.43
Clayton Dewandre	4.08	June 8	4.01	8.09	11.33
Duray Bitumastic	0.31	May 16	0.83	1.14	2.48
James Fisher	1.23	May 31	1.2	2.43	4.84
Freemans	3.12	May 23	2.84	5.96	9
Moran Tea Holdings	1.5	July 1	3	4.5	5.06
A. & J. Mucklow	3	July 1	1.83	4.83	5.06
Ofrex Group	2.01	May 20	0.24	2.25	3.06
Paterson Zochonis	0.92	May 2	0.59	1.51	2.43
Pifco	0.76	May 27	0.52	1.28	0.94
H. & J. Quick	0.32	July 12	4.85	5.17	8.84
Reckitt & Colman	5.34	May 27	7.5	12.84	15.18
Willis Faber	7.5	May 27	3.67	11.17	14.84
Wolstenholme	4.06	May 24	3.67	7.73	6.62

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

## Record £1.59m. profit by Brent Chemicals

After being up from £0.53m. to £1.59m. in a five-way re-tax profit, Brent Chemicals International improved from £1.06m. to a record £1.59m. for 1976.

The results include three months contribution from Savilles Hydrological Corporation, acquired from October 1976. Due to tight control of working capital and the Rights issue in April, 1976, there was a strong improvement in liquidity during the year, it is stated.

Mr. J. S. Jones, the chairman, reports that, with the exception of all units achieved strong sales growth in the early part of 1977, and management accounts show sales and profitability significantly higher than in 1976. The state of the U.K. economy and the inability of interest rate policy in the U.K. industries served by the group give cause for concern.

Emphasis is being maintained on applied research and development to meet the increasingly stringent performance standards of technologically-based industries. He remains confident in the company's ability to continue enlarging its position in these important markets.

On increased capital, stated earnings for 1976 are 12.1p, compared with 8.7p—dividend total is equivalent to 2.33p (1.95p) representing an increase of 10 per cent. above the forecast made at the time of the rights issue.

The directors believe, the increase to be substantially less than is equitable bearing in mind the impact of SIC on the group's long-term earnings and dividend cover. They are also conscious of the low yield on the company's

1976	1975
Sales	2,230
Operating profit	1,623
Interest	82
Profit before tax	1,705
Taxation	136
Net profit	1,569
Extraordinary credits	32
Attributable	1,537
Retained	876

The rapid progress since 1970 at Brent Chemicals was continued in 1976 with a 39 per cent. rise in earnings per share. Moreover, the company seems a long way off an "ex-growth" tag because of the market for surface technology outside the U.S. has only been scratched so far. The shares at 119p do not reflect the continued potential with the p/e of 8.7 closer to the chemical sector average: whereas in America, where the specialty chemical business is better known and understood, such companies are at a premium of 50 per cent. or more. One problem is the nominal level of dividend payments yielding only 3.1 per cent. Another rights issue to jack it up would not make sense since the net borrowings are zero and, unusually for a growth company, Brent is cash-generating.

£2.41m. to £3.00m. and earnings per stock unit from 2.98p to 3.72p. Meeting, Edinburgh, on April 29.

## James Fisher tops £1m.

TURNOVER OF shipowners and able even though the dividend, ship and insurance brokers, yields on foreign equities, especially after tax and the current premium where applicable, are appreciably lower than U.K. equity yields.

As already known, revenue before tax for the year to January 31, 1977, advanced from £1.5m. to £1.8m. The half-year profit was struck off an investment income of £106,900 (£96,400). Tax took £25,500 (£20,200), leaving net profit of £159,400 (£152,200).

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## ISSUE NEWS

### London listing for Xonics

Xonics Incorporated, a U.S.-based developer of low radiation X-ray, has arranged a London listing for its 2,329,837 shares of £1.00. The stock which is quoted on the American stock exchange will be quoted in London as from 28-day Xonics is also listed on the Pacific and BBW stock exchanges. Dealings are expected to start in London at around £1.50.

The group's net income level has moved from a deficit of \$1.7m. in 1972-73 to a credit of \$1.86m. in 1976-77. For 1976-77 the group is forecasting earnings per share of between \$1.35 to \$1.60, against \$1.10 after extraordinary credits in the previous year. Half-way through 1976-77 the group entered the dividend lists for the first time with a dividend of 21 cents. In 1975 the group is expected to pay a total of 5 cents, in order to continue the policy of quarterly payments. On an annualised basis a yield of 3.8 per cent. is offered. The American price of 0.49 per cent. on a London price.

The listing was a brokers' seminar in London. See also page 10.

### Black & Edgington 3 surge to £1.8m.

FOR 1976 pre-tax profit of Black & Edgington, the camping, caravan and workwear group, advanced 34 per cent. to £1.8m. The directors report that all major areas of the group contributed to the improvement. Turnover at £28.5m. shows an increase of 57.5m. with exports expanding more than threefold from £1.2m. to £8.2m.

The group recently announced the acquisition for approximately £1m. of A-Line Caravans of Hull, which has an outstanding work record and is forecasting profits of over £725,000 for the current year. This was the first major acquisition since the £1m. rights issue last September.

As announced at the time of the rights issue, the final dividend is 4.5p net, making a total for the year of 8p (5.625p).

### Pifco expands midwest

ELECTRICAL APPLIANCE manufacturer Pifco Holdings reports to £292,500 for the six months to October 31, 1976. Mr. Alfred D. Webber, the chairman, says that sales, both of domestic and export, showed a satisfactory increase.

The interim dividend is stepped up from 0.63p to 0.76p net per 20p share, absorbing £28,100 against £34,650. The total last year was 2.41p from profits of £1.4m.

The half-year profit was struck off an investment income of £106,900 (£96,400). Tax took £25,500 (£20,200), leaving net profit of £159,400 (£152,200).

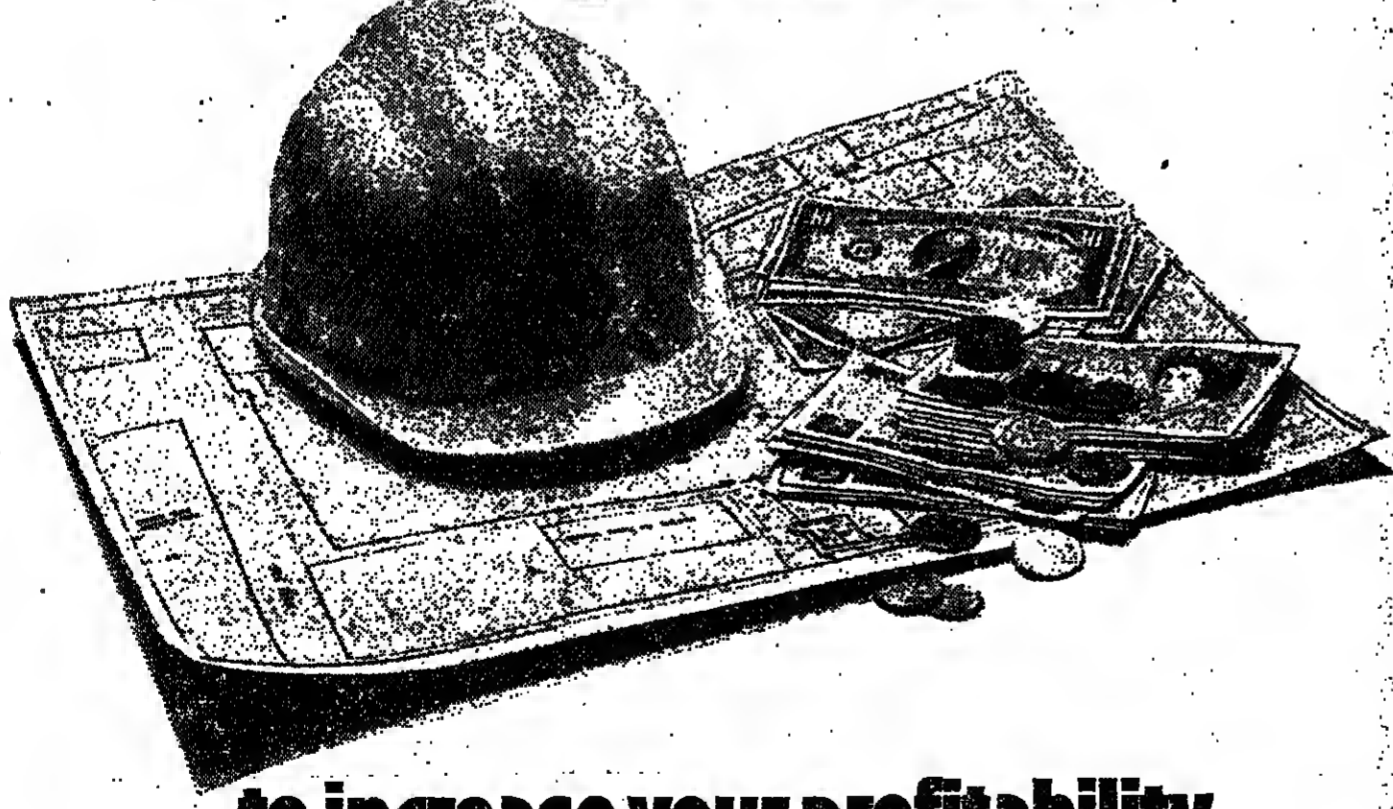
### Talbex

On turnover ahead at £3.62m.

## Blackwood Hodge (Canada)

A turnaround from a profit of \$0.73m. to a loss of \$0.15m. is reported by Blackwood Hodge (Canada) for 1976. Turnover for the period fell from \$0.975m. to \$0.81m.

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IDC's highly efficient service is dedicated to the concepts of true cost effectiveness and increased profitability for its clients—concepts of vital significance today.

## H. & J. Quick nearly doubles

PASSENGER AND commercial vehicle dealers, H. & J. Quick Group, improved its turnover from £24.15m. to £32.57m. during 1976 and profit was a record £2.51m. compared with £2.23m. subject to tax of £0.27m., against £0.15m.

Profit was after interest charges of £0.36m. (£0.29m.).

In the first half turnover was £16.61m. (£17.8m.) and profit £0.36m. (£0.13m.).

For the year stated earnings were 6.22p against 4.58p and the final dividend is 0.32p net for a total of 1.022p (0.954p), as forecast.

## Outlook at Edinburgh & Dundee

Mr. Hugh McMichael, chairman of Edinburgh and Dundee Investment Company says in his annual statement that present estimates suggest a further 10 per cent. change in investment policy, earnings per share for the current year will show a modest increase. If, however, it appeared appropriate for policy reasons to move money from high yielding Government securities or deposits into U.K. or foreign equities, the earnings outlook would become less favourable. Subject to wholly unforeseen circumstances, however, it is intended that the current rate of dividend of 3.50p per share should at least be maintained, and that the interim dividend should be increased from 1.20p to 1.50p per share to reduce the disparity between the interim and final payments.

He states that it is difficult to be enthusiastic about the outlook for U.K. Ordinary shares. In the U.S. economic recovery, which had been proceeding at a modest pace, may suffer a temporary setback because of the spell of unusually bad weather, and fears have been expressed that the economic policies of the new administration may prove to be inflationary.

Nevertheless, having regard to the inherent strength of the American economy and the great diversity and liquidity of the American stock market, in which good stocks do not appear to be overvalued, the current rate of U.S. appears at present to be the most attractive country for equity investment. At the year-end 94 per cent. of the company's assets was invested in U.S. common stocks (the total proportion in foreign equities being 49 per cent.) compared with 20 per cent. in U.K. Ordinary shares. This distribution is considered desirable.

## Willis Faber Limited Summary of Results

	1976
Profit before Taxation	16,324
Taxation	8,693
Profit after Taxation	7,631
Dividends	2,563
Earnings per Ordinary Share	18.83p

The Chairman, Mr. Julian Faber, comments: The profit before taxation of £16.32 million compares with £15.25 million forecast at the time of the Introduction of the Company's shares to The Stock Exchange. In view of this higher profit the Board has decided to recommend the payment of a final dividend of 5p per share instead of 4.5p indicated at that time.

In 1976 the insurance broking subsidiaries of the Company handled gross premiums of approximately £650 million compare with an equivalent figure of £520 million in 1975.

The increased profit is largely due to the inflow of additional business to London, appreciation of foreign currencies and substantially improved results from associated companies.



## Willis Faber Limited

54 Leadenhall Street, London EC3P 3AX



MINING NEWS

Mr. MacGregor wears a ring of confidence

BY KENNETH MARSTON, MINING EDITOR

AS ELECTRICITY generation utilities "catch up" on almost four years of doing nothing...

Mineworkers' shorter week

THE commission of inquiry into the possible introduction of a five-day working week...

Backward march

AUSTRALIA'S opposition spokesman on minerals and energy, Mr. Paul Keating...

Canadian Golds in costs battle

IN AN attempt to reduce the effects of last year's low bullion prices, Canadian gold mines have been trimming costs...

Inveresk growth under review

Total overdraft facilities at early date to consider these reports Inveresk Group remain substantial...

Steady second half at Dufay

A STEADY \$340,000, compared with \$345,000 in the second half of 1976...

J. & H. B. JACKS LIMITED

CONTINUED PROGRESS The Annual General Meeting of J. & H. B. Jacks was held on March 28 in Coventry...

MACKINNON OF SCOTLAND

At the Extraordinary Meeting of Mackinnon of Scotland and of the Preference Shareholders...

Demand remains firm at Rolls-Royce

MR. I. J. FRASER, chairman of Rolls-Royce Motors Holdings, tells members in his annual statement...

Steady second half at Dufay

A STEADY \$340,000, compared with \$345,000 in the second half of 1976...

MONEY MARKET Moderate assistance

Bank of England Minimum Lending Rate 10 1/2 per cent. (since March 18, 1977) Day-to-day credit was in short supply...

Table with columns: Mar. 18 1977, Sterling Certificates of deposits, Interbank, Local Authority deposits, Local Authority acceptable bonds, Finance House deposits, Company deposits, Discount market, Treasury bills, Billings, Fine trade bills.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on March 28, 1977.

Table with columns: Place and Local Unit, Value of £ Sterling, Place and Local Unit, Value of \$ Sterling, Place and Local Unit, Value of S Sterling.

World Value of the Pound

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Table with columns: Place and Local Unit, Value of £ Sterling, Place and Local Unit, Value of \$ Sterling, Place and Local Unit, Value of S Sterling.

Sale Tilne Record profit

Results for year to 30 November 1976: Net profit before tax £200, Total shareholders' funds £410, Earnings per ordinary share 32.0p, Net assets per ordinary share 233p.

freemans Mail Order Preliminary results for the year ended 29 January 1977. Year ended January 1973 Turnover £67m Profit before tax £6.6m. 1974 Turnover £83m Profit before tax £7.6m. 1975 Turnover £105m Profit before tax £7.0m. 1976 (53 weeks) Turnover £137m Profit before tax £8.2m. 1977 Turnover £141m Profit before tax £10.3m.

Table with columns: Place and Local Unit, Value of £ Sterling, Place and Local Unit, Value of \$ Sterling, Place and Local Unit, Value of S Sterling.

Barratt Developments Limited INTERIM STATEMENT NATIONWIDE EXPANSION CONTINUES. Despite the severe economic climate currently afflicting house-building industry, the Barratt Group is increasing its output...

Copies of the Annual Report and Accounts, when published, will be available from the Company Secretary, (01-735 7644) Freemans (London SW9) Ltd, 139 Clapham Road London SW9 0HR

Part of the French community in Africa... The Algeria has replaced the CFA franc... General rates of interest...

The strong forward sales position, supported by the land bank, will enable the Group to take full advantage of the current market...

AND DEALS

Northwick plan to resolve FMC dispute

which could resolve the control of FMC, the K. most company, will be today by the NFC. Under the Fair Trading Act, the Secretary of State may allow one further period of not more than three months on any one reference.

WHITEHOUSE/MIDLAND NORTHERN TRUST

The directors of George Whitehouse (Engineering) and their advisers Deloitte and Company, are unable to recommend any particular course of action to shareholders in the light of the £250,000 bid from Midland Northern Trust which together with associates has a 30.8 per cent. holding.

The Board itself will not accept and in addition, Mr. Norman Whitehouse, former chief executive of Whitehouse, who has been paid £30,000 compensation for loss of office, does not consider the offer to be a fair one. It was the sale by Mr. Whitehouse and his wife of a 26.3 per cent. stake in Whitehouse at 7.5p a share in February that provided the springboard for MNT and its associates, which previously held 24.3 per cent. to assume control and launch a similar cash bid for the remaining shares.

Among the factors which should affect the decision of shareholders, according to Deloitte's view, the board says that it is too early to make a profit forecast for the current year ending June 30. Whitehouse's shares have been quoted at 10p since September 1976; net asset value at July 3, 1976 was 23p; it may not be feasible to maintain the listing for Whitehouse's shares despite the stated intention of MNT to endeavour to do so.

TRAILER

effectively control and increasingly diversified services. York company is effecting a restructuring. It will name to York Trailer and its operating responsibilities of certain executive directors accordingly.

FAVER

by CH Industrials sole of the capital of up not all owned unconditional. were accepted in re-2,336 Ordinary shares, reference shares, 5,002 Preference shares and shares.

FAGS/DELTEC AND LET

Deltec Trust and LET investments now hold 48.23 per cent. of the Ordinary (representing 45.88 per cent. of the votes) and 54.21 per cent. of the Preference shares of Antofagasta (Chili) Bolivia Railway Company, and their offer has been extended until April 1, 1977.

MAURICE JAMES

Maurice James, currently the subject of a bid from York Trust for the 27 per cent. net already owned by Mr. James, has sold its 25.3 per cent. holding in Colmore Investments to T. Cowie, the motor vehicle dealers and credit finance group, for £181,000.

CCH INVESTMENTS

A resolution requiring the shareholders of CCH Investments to approve the sale of the company's 30 per cent. stake in Gold Case Travel for a £445,800 consideration to J. Lyons was unexpectedly withdrawn at yesterday's extraordinary general meeting which has called for the assistance of outside specialist.

FRUEHAUF

Monopolies Commission and obtained permission from the State for Prices and Projection, to extend into the original five-allowed to examine the Fruehauf for Craze Fruehauf. s for the extension was explained but it is that the delay is due to unexpected complexities of which have called for the assistance of outside specialist.

Metaltrax (Holdings) Limited

An integrated network of 18 engineering companies in England and Wales

Ten out of ten

	1976	1975
	£	£
over	7,283,778	6,459,218
it before taxation	844,535	812,524
it after taxation	646,174	404,792

highlighted to report record group profits before taxation for the consecutive year, in an unbroken line from £224,103 for 1967 to £536 in 1976.

net assets out the last ten years the profit before taxation as a percentage sets employed has never fallen below 30%. If British industry could claim the same record the economic position of this would be very different.

recommending the maximum dividend permitted by law. olders' funds lers' funds now amount to £2,700,074, as opposed to £80 at the 31st December 1975.

recommending a scrip issue of one ordinary share for every share.

ip has a very satisfactory bank balance and ample funds are for future expansion.

rojects source of any catastrophe the results for the first six months of financial year will undoubtedly be a record.

the report and accounts from: rotary Metaltrax (Holdings) Limited Road Kings Norton Birmingham B38 8PN 021-458 6577

OVERDUE ACCOUNTS

service will produce an immediate improvement in your cash flow by the quick and effective recovery of your overdue accounts. all commission is charged only on the amounts we collect—no collection, no charge. payments are made direct to you—monies are banked by us. prefer an "in house" service is available our staff reconcile and collect accounts your offices. are supporting the burden of overdue accounts, then contact: Martin RANADA CREDIT COLLECTION LTD., ranada House, Gabriels Hill, Maidstone, Kent. tel: Maidstone (06221) 575-151.

J.P. ...

Sketchley withdraws offer for Johnsons

Sketchley, whose take-over bid for rivals Johnson Group Cleaners lapsed automatically last week following its reference to the Monopolies Commission, has now decided to withdraw altogether. In a statement issued last night, Sketchley said that, irrespective of the outcome of a Monopolies report, "it is incompatible with the best interests of Sketchley to accept the period of uncertainty implicit in such an investigation."

The bid was strenuously opposed by the Board of Johnson which argued that such a merger would mean higher prices for the public and that the combined group would have over 30 per cent of the dry cleaning market compared with Sketchley's estimate of 23 per cent. Sketchley vigorously denied those suggestions.

The Monopolies Commission investigation will now almost certainly be dropped, though this decision will have to come from Mr. Roy Hattersley, the Secretary of State for Prices and Consumer Protection.

Sketchley says that its decision to drop the acquisition, was influenced by news that it could not wait to acquire the required majority from Johnson in view of the reference.

Yesterday's statement was accompanied by news that Sketchley has secured a contract worth £700,000 per annum from Ford Motor Company to supply over 30,000 employees with industrial clothing.

NEW OFFSHOOT FOR SIMON FOOD

Simon Food Holdings has formed Simon Food Engineers to provide a general engineering and contracting service specifically for the food and agricultural industries.

It will take responsibility for complete projects including feasibility studies, detailed design, procurement of hardware, construction and commissioning.

GUINNESS HAS 66.83% OF WCB

Arthur Guinness, whose cancelled take-over offer for White Child and Boney closed last Friday, has ended up with a stake of 66.83 per cent. in WCB. At the time the offer was made in January, Guinness had a holding of over 44 per cent.—most of which was the legacy from an earlier bid to take control of the company in 1974.

During the period of the offer Guinness acquired a further 164,800 shares and acceptances amounted to 1,503,517 shares.

The Guinness bid was fiercely contested by Mr. Richard Boney, the chairman, though according to the latest accounts friendly

CARIOL & TYNESIDE MAY MERGE

Carlton Investment Trust and Tyneside Investment Trust, two Newcastle-based trusts which share the same management, are considering a merger. If the proposal goes through, it will create one trust with net worth of approximately £57.2m. The value of Carlol currently stands at £17.5m, and Tyneside at £39.7m.

Crossholdings between the two trusts have been eliminated—the shares have been placed on the market—and independent financial advisers are to be appointed to decide the terms. It is hoped that the merger will take the form of a direct share exchange of full assets value.

A merger would make very little difference to shareholders who will hold shares in a larger trust with the same portfolio. The share price is expected to remain on the same level of discount as the two separate trusts.

The move is designed to save on administration costs and to avoid duplication.

Carlol shares closed up at 97.5p and Tyneside bid 11p at 97.5p.

LONRHO/DUNFORD & ELLIOTT

Lonrho announces that acceptances of its offer for Dunford and Elliott have been received from 1,971 shareholders in respect of 2,144,758 Ordinary shares comprising respectively 75 per cent. of the holders and 65.5 per cent. of the Ordinary shares in respect of which its offer was made.

Acceptances of the offer for the Preference shares have been received from 987 shareholders in respect of 1,012,580 Preference shares comprising respectively 53 per cent. of the holders and 96.6 per cent. of the Preference shares in respect of which its offer was made.

Accordingly, Lonrho will in due course compulsorily acquire the balances of the Ordinary and Preference shares. In the meantime, both offers remain open until further notice.

BCA/NATIONWIDE

British Car Auctions, which currently owns or has received acceptances for 42.4 per cent. of Nationwide Leasing, following £2.5 per cent. withdrawals last week, is inviting shareholders who have already accepted the offer to sell their Nationwide shares to BCA for cash.

CU/EHIT DETAILS

The official document containing details of Commercial Union's offer for Estates House Investment Trust, the group that was formed out of the 19 companies that once represented the interests of Sir Denis Lawson, has been sent out to shareholders.

The Estates House Board, in agreement with financial advisers Hillier Strutt, are recommending the terms of the offer—231 CU Ordinary shares for every 100 Estates House shares which is cash underwritten at 114p per CU share. The offer closes on April 18.

Mr. Peter Hayman, chairman of Estates House, tells shareholders in an accompanying letter that the Board has concluded that the advantages from CU "provide a considerably more attractive offer than any of the alternatives which EHTT could implement unilaterally."

The net tangible assets of Estates House at February 28, 1977, stood at £41.5m, end net asset value at £24.60 per share. At March 14, 1977, the equivalent figures stood at £42.0m and 263.23p per share respectively.

A pro forma statement of the net assets of Commercial Union after the acquisition of Estates House shows net assets at £401.4m, or 114p per share.

MORAN GROUP

Christopher Moran Group is acquiring Radgrove and Everington, underwriting agents of Lloyd's, for £245,000 of which £132,500 cash, £87,500 satisfied by 745,820 Ordinary shares on completion and £115,000 cash 12 months after completion. The acquisition will contribute less than 5 per cent. to pre-tax profit of Moran. Mr. J. Redgrove, chairman of Moran, a director and shareholder of Radgrove and the transaction is accordingly subject to the approval of Moran shareholders.



Report on 92nd Annual General Meeting 28th March 1977.

Despite the adverse financial conditions prevailing throughout 1976, the Huddersfield & Bradford Building Society at their Annual General Meeting held on the 28th March, 1977, were able to announce an increase of £42 million in their assets, bringing the total figure to over £414 million and representing a growth of 11.3 per cent for the year.

General Reserve increased by almost £3 million to £15.3 million, representing a ratio of 3.69 per cent of total assets and liquid funds amounted to almost £79 million. At the end of the year the balances due to shareholders and depositors totalled more than £368 million and during the year the Society lent a record amount of £84 million to borrowing members.

Mr. Geoffrey R. Turner, President of the Society, said that these were encouraging figures in the present economic climate and he thanked the executives and staff for their service throughout the year and expressed appreciation to the Society's agents, valuers, solicitors and bankers for their continued support.

Huddersfield & Bradford Building Society Head Office: Permanent House, Westgate, Bradford BD1 2AU Tel: Bradford 34822 (STD 074). Member of the Building Societies Association. Licensed for investment by Trustees. Assets now exceed £470,000,000.

Who just won a U.S. competition for a military helicopter with great potential for European sales?

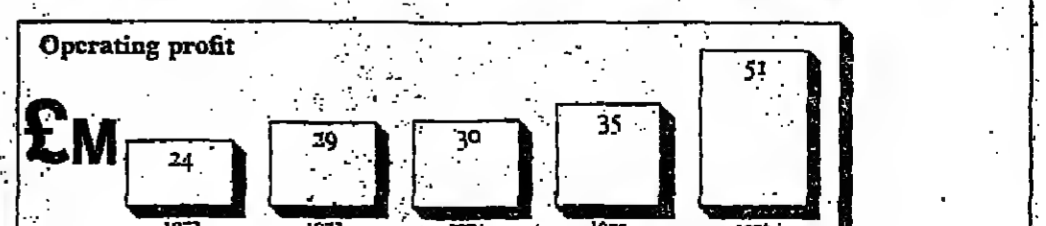
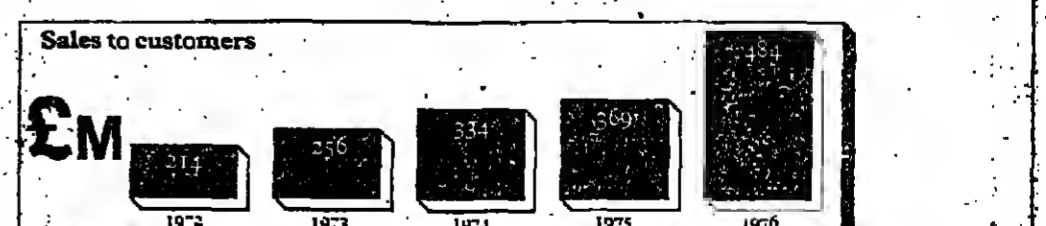
Operating profit up 48.2% Earnings per share up 71.1%

Sales increased by 31.1% to £484.25 million, while operating profit on these record sales rose by 48.2% to £51.43 million. Exchange differences for the year gave a benefit of £1.22 million compared with £0.71 million in 1975, and these are a factor in the percentage increase in earnings, which are shown below both before and after exchange differences. Earnings of the Group in 1976 were £28.11 million, an increase of 71.6%. In 1976 Reckitt & Colman made 77.0% of its sales overseas, and 82.1% of its operating profit from these sales. Exports from the United Kingdom were up by 41.4% to £27.14 million, and operating profit on these exports was £4.30 million. The company reduced further its total net borrowing by £1.26 million to £24.84 million.

This was achieved after applying £10.35 million to the acquisition of businesses, and £21.21 million in additions to fixed assets. A new pharmaceutical factory is due for completion in Hull by the end of 1977, and two new prescription products are being considered by the Committee on Safety of Medicines. A joint venture is being established in the USA to market these and other Reckitt & Colman pharmaceuticals. All areas of the world performed well, with outstanding progress in profit in Europe and Latin America, and good growth elsewhere, despite the poor economic climate in some important areas. Although in the UK operating profit on domestic sales showed a good recovery, profit margin was still below the average for the Group as a whole.

	1976	1975	% increase 1976 over 1975
	£m	£m	
Sales to customers	484.25	369.26	31.1
Trading profit	54.97	39.42	
Interest payable less other income	3.54	4.71	
Operating profit	51.43	34.71	48.2
Exchange differences	4.22	0.71	
Profit before tax	55.65	35.42	57.1
Tax on profit	24.41	16.60	
Profit after tax	31.24	18.82	
Attributable to minority interests	2.97	2.28	
Preference dividends	28.27	16.54	
	0.16	0.16	
Earnings attributable to ordinary shareholders	28.11	16.38	71.6
Extraordinary items	1.02	(0.68)	
Profit available for distribution	29.13	15.70	
Ordinary dividends	5.82	5.23	
Added to reserves	23.31	10.47	
Earnings per share:			
before exchange differences	39.6p	26.2p	51.1
after exchange differences	46.2p	27.0p	71.1

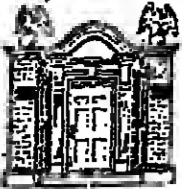
	Sales				Operating Profit			
	1976	1975	% of total	% of total	1976	1975	% of total	% of total
United Kingdom	138.73	112.52	28.4	25.3	13.67	8.30	25.7	18.2
Latin America	27.14	19.20	5.6	5.2	4.30	1.83	8.5	6.5
UK domestic	111.59	93.32	23.0	25.3	9.37	6.47	17.9	18.2
Europe (including UK)	76.79	53.84	15.9	15.4	7.63	3.37	14.6	16.8
North America	11.49	8.49	2.4	2.3	8.26	5.27	15.7	16.8
Australasia and Asia	99.86	72.87	20.6	19.7	12.54	9.50	24.5	28.6
Africa	43.06	35.68	8.9	9.7	7.94	6.88	15.1	19.7
Latin America	35.80	29.06	8.0	7.9	6.42	3.73	12.2	16.5
	484.25	369.26	100.0	100.0	52.47	35.62	100.0	100.0
Corporate interest & expenses					(1.04)	(0.91)		
					51.43	34.71		



The annual report and accounts will be posted to shareholders on Tuesday, 26 April 1977

Reckitt & Colman

Reckitt & Colman Limited, PO Box 26, Burlington Lane, London W4 2RW



# Allied Bank International

116 East 55th Street, New York, N. Y. 10022

CONSOLIDATED STATEMENT OF CONDITION, December 31, 1976

### ASSETS

Cash and due from banks—demand	\$93,808,697
Due from banks—time	86,598,471
Investment securities at cost, which approximate market	1,584,298
Federal Funds sold	13,000,000
Total loans and discounts	553,918,989
Less participations	158,738,153

395,180,836	3,681,926
-------------	-----------

Net loans and discounts	391,498,910
Customers' liability under acceptances	12,463,467
Bank premises, leasehold improvements, and furniture and fixtures	1,915,008
Accrued interest receivable	6,825,666
Other assets	2,868,174

5610,562,691
--------------

### LIABILITIES AND STOCKHOLDERS' EQUITY

Demand deposits in domestic offices	\$187,551,914
Time deposits in domestic offices	1,381,053
Deposits in overseas offices	342,882,586

Total deposits	531,815,553
Borrowed funds	16,000,000
Acceptances outstanding	41,099,133
Less held in portfolio	28,635,666

12,463,467	4,531,367	2,804,860
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Stockholders' equity:	
Capital stock, par value \$750 per share	
Authorized 40,000 shares; issued 36,000 shares	27,000,000
Paid-in surplus	9,525,540
Retained earnings	6,421,904

Total stockholders' equity	42,947,444
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### BOARD OF DIRECTORS

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**C. MALCOLM DAVIS**  
Fidelity Union Trust Company  
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**W. WRIGHT HARRISON**  
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# INIL. FINANCIAL AND COMPANY MEMBER

## Swire consolidates its property

BY OUR CITY STAFF

SWIRE PACIFIC'S subsidiary, Swire Properties, is planning to buy out the minority shareholders in its 50.8 per cent owned subsidiary Swire Cheung, the Hong Kong property group, and to seek a listing for its shares within the next three months.

The consolidation of the group's property interests into a single quoted company, to be achieved initially by an exchange of Swire Properties' shares for the 49.2 per cent of Swire Cheung not already owned, has been on the cards for some time.

Swire Properties was formed in 1972 as a vehicle for the re-

development of the 4.4m. square feet in Hong Kong's main water-side district which was surplus to the needs of companies within the Swire group. The scheme, initiated in 1974, is expected to take a further eight years and consists mainly of residential development.

Control of Swire Cheung was taken in December 1974. Apart from managing a small property portfolio and offering residential mortgage finance, Swire Cheung owns 25 per cent of Swire Sirois, the company developing the Tai Koo Dockyard in Hong Kong for Swire Properties.

The other major equity

holder in the publicly quoted Swire Cheung is Tai Cheung Properties with about 30 per cent. Tai Cheung is an affiliate of Hutchinson International, the development group.

Observers in London estimate that the combined earnings of Swire Properties and Swire Cheung following the merger will be in the region of \$8K650m. A conservative valuation of these earnings would imply a market capitalisation of some \$8K650m. and if 25 per cent of the new company were offered to the public a subscription of \$2K165m. However, in 1974 Jones Lang

Wootton placed a \$8K650m. on Swire portfolio since when been certain sales development work.

Swire Pacific, which holding company is and Son the private party, owns 92 per cent of Swire Properties, the remainder being held in Hambro.

Aside from the re-scheme, Swire Properties has an office block in Berkeley Hambr U.S.

## New banking licences approved despite moratorium in UAE

BY KATHLEEN BISHTAWI

IN A SURPRISE move on Sunday morning, the United Arab Emirates Currency Board announced that it will allow two more banks to be established in the country. The new licences have been approved despite a two-year moratorium announced last year which disbarred any locally incorporated or foreign banks from setting up in the UAE. The moratorium, it was felt, is already overbanked, there being a bank branch for every 2,000 people.

The two new banks which are to be set up in Dubai are formed by groupings of prominent Dubai merchants, with foreign interests taking a small percentage. The applications had already been granted approval by the Ruler of Dubai, Sheikh Rashid, but full banking authority was given the go ahead on Sunday by the chairman of the UAE Currency Board, Sheikh Hamdan. As well as being the Board's chairman and UAE Finance Minister, Sheikh Hamdan is also the son of the Dubai ruler.

According to Currency Board officials, the issue of new licences

does not require a full meeting of the Board's governing body.

Local observers of the UAE banking scene are already commenting that the new approvals will give an impetus to the many outstanding applications from local and foreign banks wishing to set up in the UAE. Two such similar applications have already been given approval by the Abu Dhabi Government and are awaiting final approval by the Board. The 'central banking authority' will find itself hard pressed to maintain its two-year moratorium after the recent two licences for Dubai. Resisting applications from foreign banks may be an easier struggle for the Board than fighting powerful local influences.

The UAE banking community is already undergoing a period of consolidation, for a number of banks in the area have become involved in the property market and in lending long end borrowing. Already, the Board is carefully monitoring the progress of a number of individual banks.

Thus the entry of two new banks will only aggravate the

DUBAI, March 28.

situation, particularly as one of them, the Union Bank of the Middle East, has a greater than normal capital base. The Union Bank also has a number of prominent merchants on its Board, which will inevitably exact from the smaller locally incorporated banks. The new bank has an authorised capital of Dirhams 500m. (\$128m.) and the capital issued and subscribed into 1,300,000 shares of Dirhams 100 each, 50 per cent of which is paid. The balance of the 50 per cent share will be called and payable during June 1977. Major shareholders of the bank are Abdul Wahab Galadari who will be chairman, Abdulla Rostamani, and the Saudi Arab Finance Corporation, an association of important Saudi merchants who will hold a 10 per cent interest in the new bank. The other bank is to be established by members of the Al Ghurair family. Mr. Seif Al Ghurair the head of the family is already chairman and owner of another leading bank in the area, the Bank of Oman. No further information was available on the new bank.

## Unchange dividend

By Guy Hewson

FRANKLYN COMMERZBANK, many's third largest bank, is reported unchanged 18 per cent for 1976. The 19 per cent increase in profits from DM118.1m. to DM132.5m. (US\$22.5m. to US\$24.5m.) is the result of the group's supervisory board to the May 16 and 17 Berlin. Although demand at DM3 per share, remaining distributed profits from the year DM35.5m. to DM36.5m. (US\$6.5m. to US\$6.5m.) is a 10 per cent increase in carry rights to 3 years dividend. According to a statement, the bank will again see a DM5m. increase while the provision to reserves earnings will be up from 1976. As a result, the bank's own reserves to DM1,500m. (US\$250m.) are up to DM1,500m. (US\$250m.)

## Loss reduced at Alitalia

By Guy Hewson

ALITALIA's 1976 airline, made an 8 per cent loss of 1,400m. (US\$225m.) for 1976 because of the higher fuel costs. Mr. Ferrero, the managing director, says that the airline's operating losses were 1,400m. (US\$225m.) respectively, but rose to 1,450m. (US\$232m.)

## Script issue p at Berendsen

By Hilary Barnes

COPENHAGEN SOPHUS BERG Danish group, which company to meet one-for-five issue company announced. The group dropped slightly to Kr 15.1m. while company's price rose from Kr 15.1m. The board unchanged dividend. A statement by said that it was that group can maintain in 50 per cent decline of sterling against kroner during 1977 because all subsidiaries are to increase in 1977. The group returned a result 10 per cent better result.

## AUSTRALIAN COMPANIES

### First half upsurge at Fairfax

BY JAMES FORTH

JOHN FAIRFAX, newspaper, contributed \$540,000 in television and magazine group, dividends boosted profit 25.5 per cent. Directors have lifted interim dividend from 4.5 cents a share to 5.5 cents indicating a higher payout for the year. The last \$43.6m. to \$42.5m. on a 20 per cent increase in revenue to \$42m. from \$32m.

The Fairfax result continues the trend of strong profit performance by media groups which have reported to date. Adelaide-based Advertiser Newspapers and Sydney-based Consolidated Press Holdings recently reported sharp profit boosts in the first half of 1976-77. The Fairfax result would have been even better but for a 60-day strike of printing unions and some other production employees at the group's Sydney newspaper plant. The strike failed to put the company's newspapers off the streets but directors said it caused a reduction in advertising revenue. The profit was also affected by the non-payment of dividends from the holding in Australian Newsprint Mills Holdings and Macquarie Broadcast Holdings. In the previous year these investments

in The Fairfax subsidiary, Associated Newspaper, which publishes the Sydney afternoon newspaper 'The Sun' and has a one-third interest in the Sunday newspaper 'The Sun Herald' suffered a drop in earnings from \$476,000 to \$413,000, largely because of the strike.

SYDNEY, March 28.

The surprise PDC recommendation was based on independent advice from the firm of Chartered accountants, Peat, Marwick, Mitchell, which carried out a valuation of the PDC. The firm came up with a value of 57 cents for each fully paid PDC share and 32 cents on the partly paid shares. The Bridge cash and share offer is worth only 37 cents for PDC fully paid shares. Bridge also sought independent advice on its offer from merchant bank International Pacific Corporation. The Peat Marwick Mitchell valuation was based on a price earnings ratio of 4.5 times the estimated maintainable profit of \$875,000 for PDC.

## Bridge terms rebuffed

BY OUR OWN CORRESPONDENT

DIRECTORS of Project Development Corporation to-day advised shareholders to reject a takeover offer from the parent company, Bridge Oil. The independent directors of PDC said they believed the Bridge offer was significantly below the real value of PDC. It is the second setback to Sir Paul and his associates, Mr. Robert Ryko and Mr. John Boyer, all of whom are on the PDC board, in recent weeks. Parkes Development, their private property investment, was recently put into provisional liquidation and receivership.

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## POLAROID

# Reactions to Kodak

BY KENNETH GOODING, RECENTLY IN CAMBRIDGE, MASS.

ONLY TIME will tell just how big an impact Kodak's entry to the instant photography market will have on Polaroid, until recently the only company in the field. But in the meantime there is one major question to be asked: what action is Polaroid taking to diversify its activities so that it can become less of a "one-product company"?

The answer, according to Dr. Richard Young, senior vice-president of Polaroid and president of the international division, is that the company is looking at possible diversifications but that it has set itself very well-defined objectives.

### Technological leader

"We have no intention of going into a market where other companies can do what we can do. We don't want to be a marketing dominated company. We want to remain a technological leader." Dr. Young points out that Polaroid already has a very broad range of technological skills which had to be developed for the instant photography business. It had to build expertise in chemistry and physics, as well as in mechanical and electronic systems.

Because of the work it has done to perfect its instant cameras, for example, the company now claims to be the world leader in plastic optics technology as well as the first to produce very slim—In Amert launch there. Obviously it was conventional photography which suffered as a result and it is in conventional photography that Kodak plays a dominant role. However, Dr. Young insists that the question for Polaroid is "we know the market will grow, but will Polaroid grow as much with Kodak in it?" That is the problem the Board up diversification plans. "We

can't divert too much attention away from our main stream of operations at a time like this," explains Dr. Young.

The struggle is now moving into Europe, with the Kodak launch of its instant cameras in the U.K. in Dumbarton

### British courts

The company chose to fight this case in the British courts, mainly, it seems, because it is likely to get a decision more quickly here than anywhere else. It does, of course, have a major manufacturing base in the U.K., the future of which is very much tied in with Polaroid's success. Europe is France, says Dr. Young, is the most responsible for all its business of Polaroid (U.K. models). It also leases for Polaroid's manufacturing of P mainly, it seems, because it is likely to get a decision more quickly here than anywhere else.

To some extent P that it has plenty of photography. For has decided that in did not pay attention as it could have done local management," says Dr. Young. The idea is that the Vale of Leven plant should supply cameras for nearly all of the Polaroid's international markets and is exporting to 24 countries. Dr. Young points out that the company is only a quarter of the way into the U.K. market in sterling terms, but will just as much from there as from the U.S. Polaroid first set up in the U.K. in Dumbarton



Dr. Richard Young

is suggested that Polaroid does deal with Kodak and licenses the other company to use Polaroid techniques. According to Dr. Young, this idea is raised at nearly every Polaroid Board meeting.

Meanwhile, the company seems as determined as ever to press ahead as hard as possible with its court battle against Kodak over the claim that Polaroid's basic patent has been infringed. Contrary to the widely-held view that the court tussle is over, it has not really begun. Once Kodak launches into European markets outside the U.K. Polaroid could, if it felt the need, take its claims to court in every country in which the Kodak product appears.

U.K. in Dumbarton prisingly, Dr. Young the attraction of a gasp-inducing decision for that in the Vale of Leven is the major interest factoring base. The Common Market, he says, is a less labour-intensive takes place in Holland in the U.K. about the "instant" type—the future of which is very much tied in with Polaroid's success. Europe is France, says Dr. Young, is the most responsible for all its business of Polaroid (U.K. models). It also leases for Polaroid's manufacturing of P mainly, it seems, because it is likely to get a decision more quickly here than anywhere else.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Dresdner reports decline in operating profits

Operating profits declined, total had fallen back by about 10 per cent from DM2.2bn. to DM1.6bn. in 1976...

Profit of £1.8m. at Saudi Bank

SAUDI INTERNATIONAL BANK, the London-based consortium group backed by the Saudi Arabian Monetary Agency (SAMA), reports pre-tax profits of £1.79m. for its first year of operations...

Creusot-Loire breaks even as 1976 profit falls

Creusot-Loire, which is part of the Franco-Belgian Empain-Schneider group, emerged last year as the main instrument to carry out the French Government's nuclear engineering field...

Swissair restores dividend level

Swissair, the Zurich-based airline, has restored its dividend level to Sw.Frs.30 per share in 1976...

Hochtief changes sales mix overseas sales rise

West Germany's construction industry is showing a marked increase in overseas turnover...

Preussag pays market price for Patino stake

Preussag, the West German steel and engineering group, has acquired a 26 per cent stake in Patino N.V. over the week-end...

Ambitious plans at Xonics

XONICS INCORPORATED, the U.S. environmental monitoring group in the photographic field and medical X-ray equipment, is hoping its new low radiation system...

Quiet secondary market trading

THE HEAVY volume of new issues announced over the week-end put a thorough dampener on secondary market trading...

SELECTED EURODOLLAR BOND PRICES

Table with columns for Bond Name, Price, and Yield. Includes entries like Australia 9 1/2% 1980, Canada 9 1/2% 1980, etc.

EUROBONDS

Table with columns for Bond Name, Price, and Yield. Includes entries like J.P. Morgan 10 1/2% 1980, etc.

Bond Trade Index

Table with columns for Bond Type, Yesterday, and Friday. Includes entries like Medium term, Long term, etc.

Advertisement for XONICS INCORPORATED. Text: 'Who has increased sales by 155 per cent over the last 5 years?' Includes company logo and contact information.

Advertisement for KUBOTA, LTD. Text: '1,000,000 Depository Shares', '20,000,000 Shares of Common Stock'. Includes company logo and list of agents.

Large advertisement for XONICS INCORPORATED. Text: 'The whole of the issued shares of Common Stock have been admitted to the Official List by the Council of The Stock Exchange...' Includes company logo and contact information for Seymour, Pierce & Co.





### Lanka raises tea export tax

COLOMBO, March 28. Lanka has taken advantage of a boom in demand for tea from some additional Government revenue. From March 25, the Government has raised the export tax on tea from Rs. 6.6 per 100 kg to Rs. 10.5 per 100 kg, but the Government's take was limited to Rs. 1.5 million.

The tea market remains as at present, we expect an additional duty total of Rs. 150 million this year, the Government has said. (about £22.9 million on tea exports).

### Zinc to sell beans and again

JANETRO, March 28. THE FOREIGN TRADE OF THE BANK OF SACEX is receiving applications to-day and issuing export registrations for a sale of CACEX sources to-day.

Applications will be used as soon as the put the instructions they said. Sales on a basis are not permitted.

Registrations will be on March 31 while reduced a 7 per cent on Quota (export tax) complex.

Aspects to hold a meeting on 31 to explain the terms of the new measure.

The soyabean product export is the current crop to be down on earlier estimates for the 1976-77 season. The trade sources said, they were thinking in an additional 1 million tonnes of soyabean this year, against 750,000 tonnes last year.

### Decline in cocoa market continues

BY OUR COMMODITIES STAFF

COCOA PRICES on the London terminal market continued last week's fall in early dealings yesterday and a 240 per cent fall was established early in the morning session. Prices traded in a narrow range throughout the remainder of the day, however, and at the close the May position was quoted at £2,342 a tonne, down £29 on the day. Dealers said physical trading was extremely quiet.

Traders were unimpressed by the Ghana main crop purchase figures for last week, announced in the Cocoa Marketing Board in Accra. The total for the 25th week of the season (ended March 24) was 169,109 bringing main crop purchases so far this season to 304,738 tonnes, against a final total of 323,307 tons last season.

In Salvador, Brazil, meanwhile, business was practically paralysed. Offers reflected the lower levels established on the terminal markets last week and

## All-round fall in metals

BASE METAL markets were hit yesterday by a wave of selling continuing the downturn started at the end of last week. Prices tumbled on nervousness triggered off by the sudden decline in the gold price and sharp fall in Malaysian tin values over the week-end. Cash tin last week fell to £5,500 a tonne, after having fallen back by £395 last week.

Lead, in what was described by dealers as a "chaotic and crazy" market, was hit badly too. The cash price dropped by as much as £29 to £368 a tonne, adding to the £28.25 lost last week. Zinc followed the downward trend with the cash price ending £15.26 lower at £386 a tonne.

By contrast copper was fairly stable. Encouraged by an unexpected fall in warehouse stocks, when a modest increase had been predicted, cash wires fell by only £17 to £573 a tonne. Silver was affected by the fall in the London bullion market spot quotation was cut by 6.05p to 253.5p an ounce at the morning fixing and fell to 280.5p by the afternoon close.

A change in sentiment which led to the fall in prices appears to have brought the fall in price rather than any fundamental supply-demand developments.

## Decline in cocoa market continues

farmers were not prepared to sell at these levels, the weekly Bahla Review said.

Weather in the cocoa zone at present is satisfactory, although, to the recent heavy loss of small pods, estimates for the temporary crop are being pared. The trading pattern in cocoa was in marked contrast to the cocoa market, with prices rising sharply before easing back later in the day. The May futures position closed only £5.5 higher on balance at £4,083.5 a tonne, after reaching 24,195 a tonne at one stage.

Dealers attributed the early rise to the strong pre-week-end tone in New York, aided by the announcement of yet another rise in the Brazilian minimum export price. But it was noted in some market quarters that the 20 per cent increase to \$3 a pound still leaves the price well below market levels.

## Israel citrus exports likely to resume

TEL AVIV, March 28. ISRAEL'S week-long port dispute was settled to-night when the stevedores accepted an increased wage proposal worked out by the Government and the labour federation, union sources said. This should make possible a resumption of citrus fruit exports.

The stevedores, who have been on a go-slow strike since being ordered back-to-work by Government decree last Friday, accepted acceptance of a 3 per cent wage increase suggested by a special Government Ministerial committee and the Israel trade union federations, the Histadrut.

Citrus growers announced they would resume picking and packing for export to the United Kingdom and other European countries from the Far East from Elat on the Red Sea, earlier, nor Tel Aviv correspondents reported: Last week 1,200 to 1,500 tonnes were cut to one-fifth of normal for the season due to the strike.

Thus last week's exports of citrus (to Britain and to various South European ports in roughly similar proportions) totalled only 565,000 cases, against a programmed 2.5m. cases. Some of the fruit in ports has had to be sent already to processing plants, being no longer fit for export.

It is noted that the direct loss to the Israeli economy far from the non-shipment to date is \$7m. already with the longer-term effects not yet assessed.

Shipment of other fruit and vegetables has also been held up.

## Jamaica taking over bauxite

KINGSTON, March 28. THE JAMAICAN Government will take over the bauxite company of Reynolds Jamaica Mines this Monday, Government officials said. It has already taken a controlling interest in the local operations of Kaiser Aluminium and Alcoa.

Under a \$22m. agreement, the Government is buying back the bauxite operations at a cost of \$7m.

## U.S. palm oil imports lower

WASHINGTON, Mar. 28. U.S. imports of palm oil during February declined to 62,396,974 lbs from 104,235,519 lbs in the previous month, and 109,346,908 lbs in February 1976, according to U.S. Census Bureau figures released to-day.

# Rationalising sugar refining

BY JOHN EDWARDS, COMMODITIES EDITOR

THE RATIONALISING plan for U.K. cane sugar refining announced by Tate and Lyle yesterday, should come as no surprise to anyone remotely interested in the industry. A cut-back has been why the cards over since Britain agreed to join the Common Market, resulting in the exclusion of Australian cane sugar imports. Rationalisation became ever more inevitable when Tate and Lyle took over the only other U.K. cane refining company, Manbre and Garton, last year in a fiercely contested bid.

It became widely believed that the takeover was backed by the Government when it became apparent after several abortive moves that Tate and Lyle and Manbre and Garton could not agree between themselves on how to rationalise the industry. It is claimed that the major reason why the takeover was not referred to the Monopolies Commission, despite widespread support for doing so, was because of the Government's desire to solve the long-standing problem of over-capacity in cane refining.

several of the developing countries relying on sugar as the main source of their export earnings. The U.K. market was neatly divided up between cane refiners and domestic beet producers with the remainder through the British Sugar Corporation, in which the Government had a large shareholding.

However, the whole scenario was changed when Britain entered the EEC. Britain fought hard to retain the right to continue importing cane sugar even though the original six member countries—especially France—were eager to sell their surplus beet production to the U.K.

The argument for retaining cane sugar imports was based primarily on the fact that discontinuing them would cause severe hardship to poor, developing countries. A precedent has already been set with an arrangement whereby former French colonies retained rights of access to the Community.

But it was impossible to sustain this argument for Australia, which had been one of the biggest single suppliers under the Commonwealth Agreement. This was reduced to 100,000 tonnes a year of U.K. beet raws and 150,000 tonnes of imported EEC beet and DOM (former French colonies) until 1979, together with exports of 200,000 tonnes. This gives Tate and Lyle a total output of 1,682,000 tonnes at the moment which will decrease to 1,425,000 tonnes in 1980.

The upshot is that Tate & Lyle will be reducing its refining capacity of 1,970,000 tonnes by nearly 30 per cent to 1,425,000 tonnes, of which 200,000 tonnes will be for exports.

Total U.K. demand is estimated, after careful study, at 2,350,000 tonnes. This will be divided up by 1980 between Tate

## Domestic beet

Before Britain's entry into the Common Market, the U.K. market was tightly controlled with production quotas limiting the amount of domestic beet sugar output in line with an agreed commitment of imports under the Commonwealth Sugar Agreement, which was a lifetime to

## Gradual deflation of the CAP

These Council meetings are not a constructive exercise, designed to bring about a sane solution—if indeed one is possible for the problems of European farming. They are rather a means of reassuring the constituents back home that their interests are being cared for, whether they be farmers, in the case of most Members, or the consumers so fondly cherished by Mr. Silkin.

On this occasion Mr. Silkin was in the chair and the leader of the British delegation, Mr. Carver Strang, Parliamentary Secretary to the Ministry of Agriculture put on a performance which few of his European colleagues could have equalled.

But although Mr. Silkin's tenderness to the consumer is something of a joke in Community circles, there is room for doubt at all that a substantial body of opinion is becoming very

## Wool futures

LONDON—The market was firmer following the overseas terminal. Beche reports.

Contract	Yesterday's Close	Business Done
March	228.0-235.5	1,25
April	240.0-247.5	2,50
May	245.0-252.5	3,75
June	250.0-257.5	5,00
July	255.0-262.5	6,25
August	260.0-267.5	7,50
September	265.0-272.5	8,75
October	270.0-277.5	10,00
November	275.0-282.5	11,25
December	280.0-287.5	12,50
January	285.0-292.5	13,75
February	290.0-297.5	15,00
March	295.0-302.5	16,25

## Price changes

Prices per ton unless otherwise stated

Commodity	1977	4 or 10 Months ago
Metals		
Aluminium	2600	2530
Free Market	2510-2600	2570-2670
Cash Wire	2575	2575
3 months	2575	2575
6 months	2575	2575
9 months	2575	2575
12 months	2575	2575
Gold	270	270
Lead	253	253
3 months	253	253
6 months	253	253
9 months	253	253
12 months	253	253
Nickel	261	261
Free Market	261	261
3 months	261	261
6 months	261	261
9 months	261	261
12 months	261	261
Platinum	297	297
Free Market	297	297
3 months	297	297
6 months	297	297
9 months	297	297
12 months	297	297
Silver	280.75	280.75
3 months	280.75	280.75
6 months	280.75	280.75
9 months	280.75	280.75
12 months	280.75	280.75
Wolfram	240	240
3 months	240	240
6 months	240	240
9 months	240	240
12 months	240	240
Producers	240	240
Oil		
Crude	25.85	25.85
3 months	25.85	25.85
6 months	25.85	25.85
9 months	25.85	25.85
12 months	25.85	25.85
Gas	25.85	25.85
3 months	25.85	25.85
6 months	25.85	25.85
9 months	25.85	25.85
12 months	25.85	25.85

## A 'mountain'

The EEC now forecasts that crop yields of most beet crops, given reasonable weather next year, there is likely to be a surplus of over 2m. tonnes available for export in 1977-78. In other words, another costly 'mountain' that may have to be disposed of by give-away prices in view of the big surplus of supplies available that has driven world sugar prices to low, unprofitable levels.

The world sugar situation could change very quickly to one of shortage following any major crop setback in either the U.K. or Britain, have already survived some very poor crops without any scarcity being created and indeed have had in export 900,000 tonnes this season, with costly subsidies, to stop a surplus 'mountain' building up.

It seems inevitable, therefore, that a cut in U.K. production is needed.

## COMMODITY MARKET REPORTS AND PRICES

### METALS

London Metal Exchange

Commodity	1977	4 or 10 Months ago
Aluminium	2600	2530
Free Market	2510-2600	2570-2670
Cash Wire	2575	2575
3 months	2575	2575
6 months	2575	2575
9 months	2575	2575
12 months	2575	2575
Gold	270	270
Lead	253	253
3 months	253	253
6 months	253	253
9 months	253	253
12 months	253	253
Nickel	261	261
Free Market	261	261
3 months	261	261
6 months	261	261
9 months	261	261
12 months	261	261
Platinum	297	297
Free Market	297	297
3 months	297	297
6 months	297	297
9 months	297	297
12 months	297	297
Silver	280.75	280.75
3 months	280.75	280.75
6 months	280.75	280.75
9 months	280.75	280.75
12 months	280.75	280.75
Wolfram	240	240
3 months	240	240
6 months	240	240
9 months	240	240
12 months	240	240
Producers	240	240

## COMMODITY MARKET REPORTS AND PRICES

### GRAINS

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Wheat	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
Rye	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
Oats	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
Barley	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250

## COMMODITY MARKET REPORTS AND PRICES

### COFFEES

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Arabica	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
Robusta	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250

## COMMODITY MARKET REPORTS AND PRICES

### SOYABEANS

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Chicago	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
London	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250

## COMMODITY MARKET REPORTS AND PRICES

### WOLFRAM

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Wolfram	240	240
3 months	240	240
6 months	240	240
9 months	240	240
12 months	240	240

## COMMODITY MARKET REPORTS AND PRICES

### WHEAT

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Wheat	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
Rye	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
Oats	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
Barley	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250

## COMMODITY MARKET REPORTS AND PRICES

### COFFEES

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Arabica	250	250
3 months	250	250
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9 months	250	250
12 months	250	250
Robusta	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250

## COMMODITY MARKET REPORTS AND PRICES

### SOYABEANS

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Chicago	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250
London	250	250
3 months	250	250
6 months	250	250
9 months	250	250
12 months	250	250

## COMMODITY MARKET REPORTS AND PRICES

### WOLFRAM

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Wolfram	240	240
3 months	240	240
6 months	240	240
9 months	240	240
12 months	240	240

## COMMODITY MARKET REPORTS AND PRICES

### WOLFRAM

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Wolfram	240	240
3 months	240	240
6 months	240	240
9 months	240	240
12 months	240	240

## COMMODITY MARKET REPORTS AND PRICES

### WHEAT

London Commodity Exchange

Commodity	1977	4 or 10 Months ago
Wheat	250	250
3 months	250	250
6 months	250	250
9 months	250	250

# Markets easier on lack of demand ahead of Budget

## Share index down 6.5 at 411.6—Gilts and Golds lower

### Account Dealing Dates

Option  
\*First Declara. Last Account Dealings  
Mar. 14 Mar. 24 Mar. 25 Apr. 5  
Mar. 28 Apr. 6 Apr. 7 Apr. 20  
Apr. 12 Apr. 21 Apr. 22 May 3

\*New time dealings may take effect from 23.0 a.m. on business days earlier.

Stock markets continued last Friday's drift in lower values as buyers continued to hold off awaiting the Budget details. Prices opened cautiously lower and the losses were extended in a reduced business as measured by the lowest official market for the week. Selling was usually for only small parcels of stock, the extent of the day's losses—1.1 in Gilts and 0.8 in Golds—was generally to 1 and occasionally more in leading equities reflecting more the reluctance of buyers than marking down by jobbers.

The Government Securities index shed 0.18 for a two-day loss of 0.42 at 69.07, while the FT Industrial Ordinary share index fell 6.5 to 411.6 at 2.0 p.m. ended 6.5 down on the day at 411.6. The widespread nature of the fall was illustrated by the sole measurable rise, 0.6 or 0.2 per cent., in the Food Retailing sub-sector. The FT-Actuaries share index, the Allshare index came back 1.6 per cent. more to 172.64; weakness in BP and Shell led the sector down by 2.6 per cent., but the day's biggest fall was registered in Composite Insurance which dropped 4.3 per cent. on worries about the bill facing the companies as a result of a Treasury disaster. Teoeric. The announcement of another possible merger in the industry and a broker's circular helped investment trusts to withstand the general fall better than most, while Overseas Traders were sustained by another constituent, Paterson Zochonis, gaining freedom from a UK dividend control.

### Funds await Budget

With buyers prepared to await the Chancellor's Budget proposals to-day, British Funds extended Friday's weakness on a selling penny on which responded to a none too favourable week-end Press. A market research survey disclosing more pessimism on

mounting inflation aggravated the tone which, after appearing to steady in the mid-afternoon, was dull again at the close and in after-hours trading. The late business was minimal but looted issues eased to 7p but rallied to close only 1 lower on balance. 80p. London Brick gave up 11 47p in front of the results, due Thursday. Noteworthy falls in Contracting issues included Taylor Woodrow, 6 off at 280p, and R. Costain, 4 cheaper at 164p. ICI fell to 350p before rallying to close at 323p, down 1 on the

### Insurance Brokers

Herbert Morris revived on increased bid hopes and advanced 4 further to 233p compared with the offer of 225p from Babcock and Wilcox, 1 cheaper at 77p. M. Note put on 2 1/2 to 17 1/2 in response to the preliminary figures, while Press comment on the results helped Williams and James improve 3 to 18p. Favourable Press mention, however, failed to help Hawthorn Hall, which lost 2 to 12 1/2p. Revived speculative demand left Tealeam 3 1/2 to 14 1/2p higher at 202 1/2p. APV firmed 3 to 33p; the results due Thursday for F&C might turn the attention to the company and in active trading rose 3 more to 198p. Bernard Matthews improved 10 to 120p in sympathy. Other Foods were generally quiet and little changed, but the better-than-expected closed cheaper at 244p following the publication of its proposals for the rationalisation of the UK. cane sugar industry. Among the smaller-priced issues, Adams Foods receded 1 1/2 to 231 1/2p and Thomson Organisations receded 2 to 17p. Supermarkets had Kwik Save Discount 3 up at 172p and William Morrison 4 higher at 132p.

### Freemans good

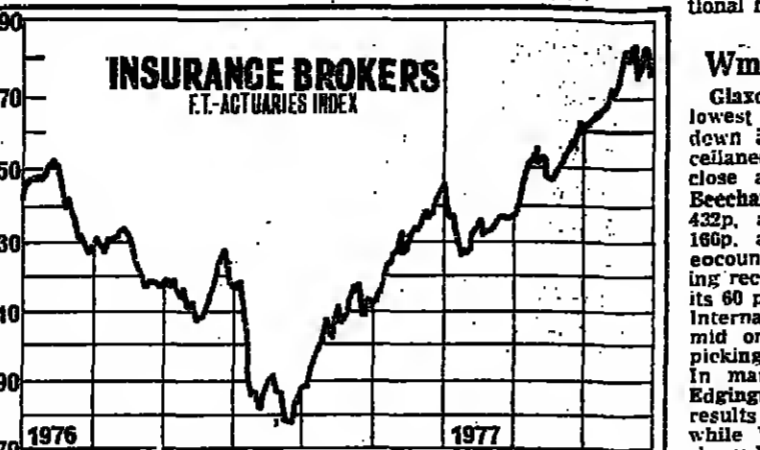
Scattered small losses were the order of the day in the Store Retailers and British Home Stores. 180p, Gus A. 22 1/2p, and Debenhams, 82p, were all 3 lower. Elsewhere, Freemans (London) featured with a rise of 10 to 190p, after 100p, in response to the preliminary results. Among other Mail Orders, Empire firmed 3 to 100p. Buyers otherwise showed interest in Westminster, 4 to the good at 60p, while the double price increase prompted a gain of 2 1/2 to 82 1/2p. On the other hand, S. Sherman gave up 2 to 4p.

### Insurances weaken

The Tenerife Jumbo set disaster a course for a 1.40 to London underwriting commitment which in turn unsettled Composite Insurances. Selling was never really heavy, but buyers showed a marked reluctance and closing levels were around the day's lowest. Sun Alliance dipped 13 to 430p, while Phoenix gave up 8 to 215p and losses of 6 were seen in Guardian Royal Exchange, 200p. Among Brokers, disappointment with the preliminary figures prompted a fall of 13 to 257p in Willis Faber, Sedgwick. Forbes gave up 2 to 280p.

### Wm. Press react

Glaxo picked up from the day's lowest of 476p to close at 480p, cautious industrial buyers to close above the worst included Beecham, down 6 at 436p, after 432p, and Bowater, 4 lower at 160p, after 165p. De La Rue accounted profit-taking following recent advances on the sale of its 60 per cent. holding in Formale International to American Cyanamid and dipped to 367p before picking up to close 10 off at 870p. Biac rose 2 to 51p, while Washington responded to the good results with a gain of 12 to 122p, while Wolstenholme Bronze also showed satisfaction with the preliminary figures, rising 10 to 155p. Wm. Press was again actively traded following the bid denial, reacting to 55p before rallying to close 3 lower on balance at 584p. Interest revived in Gallekamp, which advanced 2 to 51p, but Reckitt and Colman eased 2 to 37 1/2p despite the increased dividend and profits. Rockware encountered further demand at 165p, up 3, but the lower profits left Ultraformic the subject of a sell-off, falling 1 1/2 to 122p. Reckitt and Colman eased 2 to 37 1/2p despite the increased dividend and profits. Rockware encountered further demand at 165p, up 3, but the lower profits left Ultraformic the subject of a sell-off, falling 1 1/2 to 122p.



### Beaverbrook A readied and closed without alteration at 35p.

Wall Street influences had the major impact on British Petroleum which opened a dividend at 790p and drifted down to 784p in conditions similar to those experienced elsewhere, but hardening later to 789p for a net loss of 13. Shell were also quoted at the dividend and closed 5 lower at 474p, but investment currency and overseas market influences prompted a rally in Royal Dutch to 244 1/2, up 1. Secondary Oils were occasionally above the lowest with Ultramarine off at 145p, after 140p. Shell Oil Exploration, the subject of adverse Press comment, only 1 cheaper at 94p, after 95p. Still reflecting the Kuwait International Finance purchase of a controlling stake in its Pakistan subsidiary, Attack Petroleum rose to 225p, hot enthusiasm so far, and the price reacted to a net 2 down at 116p. Elsewhere, LASMO gave up 5 to 285p and Siebens (U.K.) 7 to 85p, but before widening to 85p. British-Borneo picked up 4 to 140p.

### Properties not entirely dull and the losses that were established ranged only to a penny or so.

British Land lost 1 to 37p and English 1 1/2 to 434p. A gain of 1 1/2 to 494p, an exceptional amount of 8, at 352p. Regional were unaffected by recent publicity given to matters arising from a past acquisition, the shares rising only 1 to 67p and Courtauld 2 cheaper at 214p. On a brighter note, British Water edged up 2 to 35p and Allied Textile improved 3 to 103p. Tobaccoes, traditionally one of the favourite sectors for Budget speculation, held quietly steady, and Imps finished without alteration at 71p, after 70 1/2p.

### South African Industrials

South African Industrials were generally steady, but the day's losses were extended in a reduced business as measured by the lowest official market for the week. Selling was usually for only small parcels of stock, the extent of the day's losses—1.1 in Gilts and 0.8 in Golds—was generally to 1 and occasionally more in leading equities reflecting more the reluctance of buyers than marking down by jobbers.

### Poor day for Mines

South African Gold shares lost ground for the fifth trading day. The latest fall followed reports of a possible U.S. dollar sales which also formed a cloud over the metal price to \$148.875 per ounce. Sharemarket sentiment also reflected a revival of rumours that additional taxation burdens will be imposed on the

### FINANCIAL TIMES STOCK INDEX

	Mar. 28	Mar. 29	Mar. 30	Mar. 31	Mar. 1
Government Secs	69.07	69.05	68.40	68.41	68.99
Food Interest	68.65	68.52	68.56	68.54	67.97
Industrial Ordinary	411.6	411.1	407.4	407.4	416.4
Industrial Preferred	185.3	185.1	184.5	184.6	187.0
Gold Mines	6.46	6.36	6.31	6.28	6.56
Govt. Div. Yield	17.90	16.75	16.80	16.84	16.86
Share Rep. Yield (%)	8.51	8.75	8.63	8.66	8.60
FT 100 (1964=100)	6,536	6,196	5,999	5,800	6,112
Equity turnover (£m.)	60.12	95.66	101.01	78.95	61
Equity bargain total	18,438	18,288	15,589	18,666	17

### HIGHS AND LOWS

	High	Low	High	Low	Daily Change
Govt. Secs	69.07	68.40	68.41	68.41	0.01
Food Interest	68.65	68.52	68.56	68.54	0.02
Industrial Ordinary	411.6	407.4	407.4	407.4	0.00
Industrial Preferred	185.3	184.5	184.6	184.6	0.01
Gold Mines	6.46	6.31	6.28	6.28	0.00
Govt. Div. Yield	17.90	16.75	16.80	16.84	0.04
Share Rep. Yield (%)	8.51	8.75	8.63	8.66	0.03
FT 100 (1964=100)	6,536	5,999	5,800	5,800	0.00
Equity turnover (£m.)	60.12	95.66	101.01	78.95	0.00
Equity bargain total	18,438	18,288	15,589	18,666	0.00

### ENTERTAINMENT GUIDE

#### OPERA & BALLET

COLISEUM. 01-235 2161. "Crossed swords" 01-235 2161. "The Barber of Seville" 01-235 2161. "The Barber of Seville" 01-235 2161. "The Barber of Seville" 01-235 2161.

#### THEATRES

ADOLPH THEATRE. 01-635 7511. "The Barber of Seville" 01-635 7511. "The Barber of Seville" 01-635 7511. "The Barber of Seville" 01-635 7511.

#### CINEMAS

ABC 1 & 2, SHAFFESBURY AVE. 536. "The Barber of Seville" 01-635 7511. "The Barber of Seville" 01-635 7511. "The Barber of Seville" 01-635 7511.

### RECENT ISSUES

#### EQUITIES

Price	Change	Stock	Price	Change	Stock
101 1/2	+	Agri. Mod. 12p Bds. 1976	101 1/2	+	Agri. Mod. 12p Bds. 1976
102 1/2	+	Agri. Mod. 12p Bds. 1976	102 1/2	+	Agri. Mod. 12p Bds. 1976
103 1/2	+	Agri. Mod. 12p Bds. 1976	103 1/2	+	Agri. Mod. 12p Bds. 1976

#### FIXED INTEREST STOCKS

Price	Change	Stock	Price	Change	Stock
101 1/2	+	Agri. Mod. 12p Bds. 1976	101 1/2	+	Agri. Mod. 12p Bds. 1976
102 1/2	+	Agri. Mod. 12p Bds. 1976	102 1/2	+	Agri. Mod. 12p Bds. 1976
103 1/2	+	Agri. Mod. 12p Bds. 1976	103 1/2	+	Agri. Mod. 12p Bds. 1976

#### "RIGHTS" OFFERS

Issue Price	Latest	Stock	Issue Price	Latest	Stock
101 1/2	101 1/2	Agri. Mod. 12p Bds. 1976	101 1/2	101 1/2	Agri. Mod. 12p Bds. 1976
102 1/2	102 1/2	Agri. Mod. 12p Bds. 1976	102 1/2	102 1/2	Agri. Mod. 12p Bds. 1976
103 1/2	103 1/2	Agri. Mod. 12p Bds. 1976	103 1/2	103 1/2	Agri. Mod. 12p Bds. 1976

#### ACTIVE STOCKS

Stock	Denomina-	No.	Closing	Change	1977	1977
ICI	£1	18	352	-	365	323
Ladbroke Group	10p	15	111 1/2	-	116	87
Press (Wm.)	5p	15	56 1/2	-	59 1/2	24
Shell Transport	5p	15	47 1/2	-	48 1/2	45 1/2
BATs Deid.	25p	10	255	-	243	204
Beecham	25p	9	436	-	452	372
De La Rue Deid.	10.05	9	235 1/2	-	270	183
De Lers Def.	50p	9	370	-	383	253
EMI	50p	9	208	-	204	201
GEC	50p	9	175	-	175	175
Imperial Group	50p	9	175	-	175	175
Lucas Ind.	£1	8	240	-	252	203
Patterson Zoch. A	£1	8	225	-	225	180
Pork Farms	10p	8	198	-	198	124

#### DEALING DATES

First Last  
Deal-Deal-Declara-Settle  
Shares lings lons tment  
Mar. 22 Apr. 4 Jan. 23 July 5  
Apr. 5 Apr. 19 July 7 July 21  
Apr. 20 May 2 July 21 Aug. 4

For rate indications, see end of Share Information Service.

Calls were dealt in Amalgamated Power, Trust Houses, Forte, European Ferries, Gussells, "A." William Press, Brooker Bond, Brown and City Properties, Plessey, British Mohair, Weir Group, Burmah Oil, Westinghouse Brake, SUITS, Trafalgar House, Marks and Spencer, Berry Wiggins, J. Sainsbury, Nurdin and Peacock, Bejam, Rolls-Royce and Ultramarine. A Put option was exercised in Ultramarine while doubles were arranged in ICL, European Ferries, UDC, William Press, J. Latog "A", Dunlop and ICL. A short-dated put was transacted in William Press, while a double was transacted in ICL.

### FT-ACTUARIES SHARE INDIC

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

Index No.	Value	Change	Index No.	Value	Change
1	162.23	-1.3	11	146.30	-1.3
2	236.84	-1.4	12	166.68	-1.6
3	129.74	-1.3	13	148.74	-0.6
4	372.51	-2.2	14	94.12	-1.2
5	206.76	-0.5	15	155.91	-1.0
6	145.64	-1.2	16	171.20	-1.0
7	74.22	-1.3	17	192.76	-1.6
8	136.88	-0.6	18	167.08	-1.3
9	146.30	-1.3	19	167.08	-1.3
10	166.68	-1.6	20	167.08	-1.3
21	148.74	-0.6	21	167.08	-1.3
22	94.12	-1.2	22	167.08	-1.3
23	155.91	-1.0	23	167.08	-1.3
24	166.68	-1.6	24	167.08	-1.3
25	171.20	-1.0	25	167.08	-1.3
26	192.76	-1.6	26	167.08	-1.3
27	167.08	-1.3	27	167.08	-1.3
28	167.08	-1.3	28	167.08	-1.3
29	167.08	-1.3	29	167.08	-1.3
30	167.08	-1.3	30	167.08	-1.3
31	167.08	-1.3	31	167.08	-1.3
32	167.08	-1.3	32	167.08	-1.3
33	167.08	-1.3	33	167.08	-1.3
34	167.08	-1.3	34	167.08	-1.3
35	167.08	-1.3	35	167.08	-1.3
36	167.08	-1.3	36	167.08	-1.3
37	167.08	-1.3	37	167.08	-1.3
38	167.08	-1.3	38	167.08	-1.3
39	167.08	-1.3	39	167.08	-1.3
40	167.08	-1.3	40	167.08	-1.3
41	167.08	-1.3	41	167.08	-1.3
42	167.08	-1.3	42	167.08	-1.3
43	167.08	-1.3	43	167.08	-1.3
44	167.08	-1.3	44	167.08	-1.3
45	167.08	-1.3	45	167.08	-1.3
46	167.08	-1.3	46	167.08	-1.3
47	167.08	-1.3	47	167.08	-1.3
48	167.08	-1.3	48	167.08	-1.3
49	167.08	-1.3	49	167.08	-1.3
50	167.08	-1.3	50	167.08	-1.3
51	167.08	-1.3	51	167.08	-1.3
52	167.08	-1.3	52	167.08	-1.3
53	167.08	-1.3	53	167.08	-1.3
54	167.08	-1.3	54	167.08	-1.3
55	167.08	-1.3	55	167.08	-1.3
56	167.08	-1.3	56	167.08	-1.3
57	167.08	-1.3	57	167.08	-1.3
58	167.08	-1.3	58	167.08	-1.3
59	167.08	-1.3	59	167.08	-1.3
60	167.08	-1.3	60	167.08	-1.3
61	167.08	-1.3	61	167.08	-1.3
62	167.08	-1.3	62	167.08	-1.3
63	167.08	-1.3	63	167.08	-1.3
64	167.08	-1.3	64	167.08	-1.3
65	167.08	-1.3	65	167.08	-1.3
66	167.08	-1.3	66	167.08	-1.3
67	167.08	-1.3	67	167.08	-1.3
68	167.08	-1.3	68	167.08	-1.3
69	167.08	-1.3	69	167.08	-1.3
70	167.08	-1.3	70	167.08	-1.3
71	167.08	-1.3	71	167.08	-1.3
72	167.08	-1.3	72	167.08	-1.3
73	167.08	-1.3	73	167.08	-1.3
74	167.08	-1.3	74	167.08	-1.3
75	167.08	-1.3	75	167.08	-1.3
76	167.08	-1.3	76	167.08	-1.3
77	167.08	-1.3	77	167.08	-1.3
78	167.08	-1.3	78	167.08	-1.3
79	167.08	-1.3	79	167.08	-1.3
80	167.08	-1.3	80	167.08	-1.3
81	167.08	-1.3	81	167.08	-1.3
82	167.08	-1.3	82	167.08	-1.3
83	167.08	-1.3	83	167.08	-1.3
84	167.08	-1.3	84	167.08	-1.3
85	167.08	-1.3	85	167.08	-1.3
86	167.08	-1.3	86	167.08	-1.3
87	167.08	-1.3	87	167.08	-1.3
88	167.08	-1.3	88	167.08	-1.3
89	167.08	-1.3	89	167.08	-1.3
90	167.08	-1.3	90	167.08	-1.3

### CONCERTS

SHAW. 7.30. Tonight 7.30. "The Barber of Seville" 01-635 7511. "The Barber of Seville" 01-635 7511. "The Barber of Seville" 01-635 7511.

### ADVERTISEMENTS

Various small advertisements and notices, including mentions of "The Barber of Seville" and other theatrical works.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Priced Unit T. Mgrs., and others, with columns for fund names, managers, and performance metrics.

Table of Offshore and Overseas Funds listing international investment vehicles like Fidelity Mgmt. & Res. (Bda) Ltd., Kemp-Cook Management Jersey Ltd., and others, including their managers and details.

INSURANCE, PROPERTY, BONDS

Table of Insurance, Property, and Bonds listing various providers and products such as Abbey Life Assurance Co. Ltd., General Portfolio Life Ins. Co. Ltd., and others.

BASE LENDING RATES

Table of Base Lending Rates listing various banks and their respective rates for different terms and types of loans.

ADVERTISED RATES

Table of Advertised Rates listing various services and their associated rates, including property, insurance, and other financial products.

NOTES

Notes section containing important information, disclaimers, and additional details regarding the funds and services listed.

INSURANCE BASE RATES

Table of Insurance Base Rates listing specific insurance products and their base rates, including property and life insurance.



INDUSTRIALS - Continued

Table of industrial stocks including Lloyds, British Airways, and various manufacturing companies with columns for stock, price, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft related stocks such as Rover, Leyland, and various engineering firms.

PROPERTY - Continued

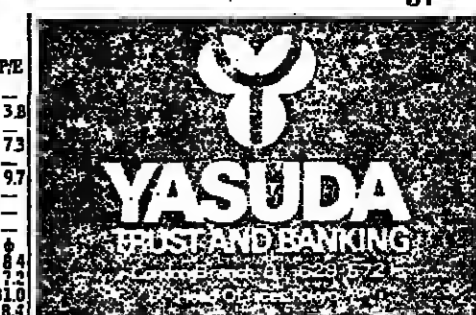
Table of property-related stocks including various real estate and construction companies.

TRUSTS - Continued

Table of trust and investment funds such as British American, British Overseas, and various pension funds.

TRUSTS - Continued

Table of trust and investment funds, continuing from the previous section.



MINES - Continued

Table of mining stocks including Central African, Australian, and Tins, with columns for stock, price, and volume.

Commercial Vehicle

Table of commercial vehicle stocks such as Leyland, Leyland Trucks, and various transport companies.

Components

Table of component stocks including various engineering and parts manufacturers.

SHIPBUILDERS, REPAIRERS

Table of shipbuilding and repair stocks such as Harland & Wolff, Swan Hunter, and various shipyards.

SHIPPING

Table of shipping stocks including various shipping lines and related companies.

OILS

Table of oil stocks such as Anglo-Iranian, Shell, and various oil companies.

Garages and Distributors

Table of garage and distributor stocks including various automotive service companies.

SHOES AND LEATHER

Table of shoe and leather stocks such as Clarks, and various footwear manufacturers.

SOUTH AFRICANS

Table of South African stocks including various mining and industrial companies from that region.

TEXTILES

Table of textile stocks such as Allied Textiles, and various textile manufacturers.

OVERSEAS TRADERS

Table of overseas trader stocks including various international trading companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks such as News International, and various media companies.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including various publishing and media firms.

PROPERTY

Table of property stocks, including various real estate and construction companies.

TOBACCO

Table of tobacco stocks such as British American Tobacco, and various tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various investment and financial firms.

INSURANCE

Table of insurance stocks such as Lloyds, and various insurance companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, continuing from the previous section.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, continuing from the previous section.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, continuing from the previous section.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks, continuing from the previous section.

COPPER

Table of copper stocks including various mining companies.

MISCELLANEOUS

Table of miscellaneous stocks including various small and niche companies.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.



Italy, Iran in joint oil deal

BY PAUL BETTS

Rome, March 28. Italy's State hydrocarbon group, ENI, and the National Iranian Oil Company have reached agreement to establish a joint refining and distribution company for Europe and Africa.

Breakthrough

Both politically and commercially ENI is expected to regard the deal as a big breakthrough which will guarantee it on a long-term basis.

It will be the first time that an oil-producing country has entered into downstream operations internationally.

ENI proposes to form an overseas financial holding company to seek fresh capital on foreign markets for its programme of overseas and domestic investments.

ENI is expected shortly to announce its long-awaited reorganisation plan for its oil subsidiary AGIP, which with an annual turnover of about £1,600m.

Two of ENI's biggest companies, the pipeline-laying concern Selenia and the engineering group SNAM, today recorded positive financial performances last year.

SAIPET recorded a profit of £2.2bn. (about £1.5m.) last year after depreciation, and SNAM of £2.6bn. (about £1.7m.).

Weather

U.K. TO-DAY: COLD in England and Wales, milder in Scotland and N. Ireland. London, S.E. E. England, Anglia, Wiltshire showers, sunny intervals.

Table with columns: BUSINESS CENTRES, HOLIDAY CENTRES. Lists various cities and their weather conditions.

Savings at lowest level for nearly four years

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE LEVEL of personal savings has fallen sharply in recent months as the result of a tightening squeeze on real disposable incomes.

The personal savings ratio—savings as a percentage of personal disposable incomes—was 11.6 per cent. in the fourth quarter of last year, which is its lowest level for nearly four years.

These figures, together with a large deficit for the corporate sector in 1976, were revealed yesterday in Central Statistical Office statistics for national income and expenditure in 1976 immediately ahead of this afternoon's Budget with its likely boost to take-home pay through income-tax cuts.

The reduction in savings, made to sustain consumer spending, reflects the sharp drop in real disposable incomes—down by 3 per cent. between the third and fourth quarters of last year.

This decline is larger than expected after the revision of earlier figures and exaggerates the underlying squeeze because third quarter incomes and savings were boosted by last year's tax rebate.

There is little doubt that the squeeze on real incomes has intensified in recent months, with continuing pay restraint but accelerating inflation.

The main burden has been taken by wage and salary earners, whose pre-tax incomes rose by 12.7 per cent. last year, compared with a 25.5 per cent. increase in receipts of national income benefits and other Government grants to individuals.

The statistics show that the financial position of the cor-

porate sector is much worse than had been projected by most City analysts. Industrial and commercial companies in 1976 had a £770m. financial deficit—the sum left after taxes, dividends, capital spending and the rise in stock values.

This compares with a deficit of £320m. in 1975 and widespread City estimates of a surplus for last year.

It had been thought that the deficit of £317m. for the third quarter was a freak figure, but this has now been revised upwards to £430m. with a deficit of £383m. in the fourth quarter.

Most of the figures for the previous three years have also been revised towards smaller surpluses and larger deficits.

There is still some City scepticism about the size of the deficit last year, because of the frequent revisions. There are suggestions that the profit rise may be understated.

The rise in the deficit reflects in particular the sharp increase in the amount required for the

increase in the value of stocks because of the high rate of inflation—up £1.2bn. in 1976 to £8,380m. Gross trading profits of industrial and commercial companies rose by 26.1 per cent. last year to £14.8bn.

Most analysts have pointed to an improvement this year in the financial position of the corporate sector, mainly because of the impact of growing North Sea production.

The national income figures also highlight the rising trading surplus of public corporations—up from £2,890m. to £4,020m. between 1975 and last year.

There was a rather smaller improvement in the financial deficit of public corporations because of higher gross capital formation.

In real terms, gross domestic product rose by about 1 per cent. last year. After a lull during the summer, the Central Statistical Office said, there was a "strong indication of an upturn in economic activity towards the end of 1976."

NATIONAL INCOME (Seasonally adjusted)

Table with columns: Year, Real personal disposable income, Financial Surplus/Deficit, Personal savings ratio. Rows for 1974, 1975, 1976 (1st, 2nd, 3rd, 4th quarters).

\* Saving as a percentage of personal disposable incomes at current prices. † Expressed at 1970 prices. ‡ Net acquisition of financial assets which equals undistributed profits after deducting gross fixed capital spending and the increase in value of stocks, but after adding on capital transfers. Source: Central Statistical Office.

London tea prices in sharp drop

BY PETER BULLEN

TEA PRICES fell sharply yesterday. At the weekly London auctions plain teas slumped from last week's 290p to 170p a kilo. Quality tea fell from 280p to 250 and medium from 270p to 235p.

After the steep rises in the past three weeks the fall was welcomed by tea buyers, but the big drop in London auction prices may not fend off the large retail price increases consumers will face in the months ahead.

Much will depend on what happens at tea auctions in centres in various parts of the world in the next seven days, and at subsequent London auctions.

For consumers paying about 20p to 21p a 4lb. for popular varieties, an increase of about 1p a 4lb. is forecast for April.

After the unprecedented rises which virtually doubled prices at the London auctions in the first three weeks of March retail prices of up to 45p a 4lb. packet would have been justified, according to some leading tea-blenders.

Yesterday's big price declines—provided they are not reversed subsequently—would leave retail prices in the region of 35p a packet.

Tea-sellers and buyers are agreed that in world terms there are not enough supplies to meet a noticeable rise in consumption.

The Tea Brokers' Association reported that yesterday's market was "distinctly quieter than of late."

Prices opened 20p a kilo lower than last week, and much steeper declines followed before the market settled. The steepest in the fall was in reaction to the extremely rapid rise in values recently.

Peter Banyard, president of the London Tea Brokers' Association, said there was no fundamental reason for the swift turnaround. It was possible that buyers felt more confident of increased supplies coming on to the market in July and August from Sri Lanka and East Africa.

One large buyer said he felt a lot of the recent increase in London had been necessary to bring the market more into line with other countries, but there had been a lot of concern about last week's high prices.

Ceylon export tax op. Page 33

Little fat in the company sector

THE LEX COLUMN

Let us hope that the Chancellor has had time to take due note, in framing his Budget, of the trends in corporate sector finances indicated by figures published yesterday.

Industrial and commercial companies were in a financial deficit of £333m. seasonally adjusted, in the final quarter of 1976 and the previous quarter's deficit has been adjusted upwards—as have most of the earlier figures in this frequently revised series.

Contrary to most earlier expectations the full year 1976 is now shown to have produced an overall deficit of £775m.

The significance of this figure is that it emerged in a year of depressed economic activity, when industry's stocks were in balance unchanged in physical terms and the volume of capital investment by manufacturing industry fell by 7 per cent. It only took a modest degree of stockbuilding and a slight upturn in investment spending (from a very low level) towards the end of the year to tip the non-financial company sector into deficit—of approaching £1.6bn. at an annual rate in the second half.

There are some signs of a modest rally in profits net of stock appreciation, but the turnaround in the North Sea oil sector is masking a less flattering trend for most companies. In the current year, it seems certain that a higher level of capital spending will have to be financed, and although a stable currency has favourable implications for the level of stock appreciation (rising fast throughout 1976) commodity prices could create fresh problems.

So the betting is that the corporate sector's external financing requirement will be rising this year. Department of Industry surveys suggest that in recent months companies have been relying on a cushion of liquidity which was topped up by anticipatory drawing down of bank facilities ahead of last autumn's credit measures. The climate could change quite soon.

Shareholders in Paterson Zochonis will apparently have to wait until November's annual accounts for details of proposed "alterations" to their capital structure. Several schemes are under investigation none of which would be aimed at enterprise. The aim of the franchising, the non-voting shares (which represent almost half the total equity) or raising new money. Meanwhile, PZ con-

Reckitt and Colman's healthy improvement in first-half profits continued in the second six months and, after adding in £4.2m. of exchange gains, pre-tax profits of £55.6m. are 57 per cent. ahead. A combination of improved margins and some volume growth in most territories pushed operating profits £16.7m. higher.

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U.K. fight for farm prices seems all but lost

BY ROBIN REEVES

BRUSSELS, March 28.

AFTER FOUR days of almost continuous negotiations, EEC Agriculture Ministers were still struggling here this evening to find the best compromise package covering common farm price increases and green currency adjustments for the 1977-1978 season, beginning on April 1.

The limited information filtering out of the talks—which are presided over by Mr. John Silkin, the U.K. Minister of Agriculture—indicated clearly that the British fight to persuade the rest of the Community to accept farm price increases lower than the 3 per cent. average recommended by the Brussels Commission was all but lost.

The majority of Ministers were demanding that Mr. Finn Guldelach, the Brussels Commissioner for Agriculture, raise the Commission's offer to at least 3.5 per cent. to meet the needs of their farmers.

In these circumstances, Mr. Gavin Strang, Parliamentary Secretary for Agriculture, who is leading the British delegation, looked like concentrating on winning a sufficiently large EEC butter subsidy for Britain to offset not only the steep rise in butter prices likely over the next 12 months as a result of Common Market arrangements, but also the effect of any "green pound" devaluation on retail food prices generally.

Mr. Strang has indicated that the Government is ready to agree to a 2 per cent. "green pound" devaluation in exchange for the butter subsidy.

The offer of the subsidy under discussion works out at 20p a pound—£436 a tonne—which it is estimated would hold butter consumption in Britain at about 410,000 tons in a full year. Without it, the Common Market-inspired increase in butter prices of 16p a pound over the next 12 months could cut total British consumption to some 360,000 tons.

Most other EEC farm Ministers are expressing horror at the potential cost of the subsidy—conservatively estimated at 300m. units of account of £190m. in a year.

With the prospect of surplus EEC butter stocks doubling this year to over 400,000 tonnes, however, Mr. Strang is arguing forcefully that the gross cost must be set against the potential cost of disposing of surplus butter in other directions, out to mention the other EEC subsidy schemes in which the U.K. has no direct interest. British officials conclude that the net cost to EEC funds is in reality only 150m. units of account or less than £100m.

Whatever the outcome of the butter subsidy debate—the Commission is basically in favour, but is likely to huck a smaller figure than 20p a lb.—the signs are that the British retail milk price will not be adversely affected by any farm prices deal which could emerge, perhaps in the early hours of to-morrow morning.

Indeed, EEC transition increases in British butter and cheese prices from April 1 will pump more money into the notional milk market equalisation fund.

This would enable the retail milk price to continue at its present level of 10½p a pint, even if the milk guarantee to producers is raised above its present level of 4½p a gallon.

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GMWU will struggle to stop sackings at Tate and Lyle

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE DECISION of Tate and Lyle to shed just over 1,500 jobs in sugar cane refining over the next four years will be fought every inch of the way, union officials said yesterday.

The General and Municipal Workers' Union said the company had no chance of winning union co-operation unless it produced "firm plans for suitable alternative employment in the areas affected."

Local officials of the union argued that ultimately the company's rationalisation would be subject to political decision, since nearly 1,000 of the jobs to be lost are in the high unemployment areas of the North-West.

A meeting of workers at the Liverpool refinery is to be held today to hear the recommendations to a shop stewards' action committee. Mr. John Maclean, secretary of the committee, said yesterday that he did not expect to seek the kind of protest sit-in that followed Plessey's redundancy announcements on Merseyside.

But he made it clear that the committee is looking to Tate and Lyle to produce another job in Liverpool for every man displaced.

Mr. John Edmonds, national officer of the union, said that Tate & Lyle was highly profitable and "has an absolute obligation to invest in new jobs."

The company, in yesterday's formal announcement of the cut-back, said forced redundancy would not be necessary if employees were prepared to be flexible about where they worked and the kinds of jobs they changed to. The main emphasis was on creating jobs in specially chemicals, tea blending and packaging, and engineering to offset the cutback in cane refining.

It was not relying only on natural wastage. Staff would be kept on and retrained for new jobs as they arose.

According to the union, the milk cutbacks are at Liverpool where 653 jobs would be phased out at Newton-le-Willows, Lancs (329) and at Hammersmith, London (324), with smaller cuts at Silverton, East London, and Greenock, Scotland.

The company has produced figures to show that after natural wastage of 1,097 employees, the surplus would be more than absorbed by the creation of 550 jobs.

The Liverpool workers are expected to lobby Merseyside MPs this week.

Jungle fruit test, Page 8 News Analysis, Page 33

Concessions on price controls

to initiate general investigations into wider sectors. He emphasised that the amount of information companies would have to submit to the Commission would be significantly less than under the present price Code and that the whole process would be hedged about with limits on time and opportunities for appeal designed to protect companies whose prices were investigated.

He made it plain that the power to freeze proposed price rises while they were investigated would remain, but there would be powers to grant interim price rises.

He seemed to move marginally nearer to meeting industry's demands by saying that the Bill would place a duty on the Government to draw up safeguards against damage during an investigation.

Until now industry has been worried that the safeguards might protect a company only from the consequences of a Price Commission recommendation, and not during an investigation.

Originally the Government had thought of dropping the existing framework of margin controls this summer, but decided to retain it after pressure from the TUC.

Insurers

amounts needed to provide for future court awards. Over the day the Tenerife collision had a serious impact on the price of insurance shares on the London Stock Market.

The Accident was valued at £160m. Guardian Royal Exchange down 5p to 200p Phoenix down 5p to 218p, and Sun Alliance down 15p to 430p.

Insurance brokers, Willis, Faber and Dumas, said last night that the KLM 747 was valued at \$40m. of which 40 per cent was directly placed in London.

The rest was placed equally with domestic aviation pools in Scandinavia, Switzerland and Holland and much of this was reinsured in the international markets, including London.

The Pan Am jet had a value of \$23m. of which 45 per cent was placed in the London market, 15 per cent in France, and the rest in the U.S.

Aircraft are treated in much the same way as cars. The jet is insured for its current value, not for the replacement cost. The Pan Am 747 was one of the earlier models.

In addition, the considerable personal accident bill is likely to be met by various British, American and Continental insurers. Most of the Dutch victims insurance appears to have been placed with Europasia, a large travel insurance company in Holland.

The American insurance is likely to have been less concentrated but the sums involved are almost inevitably considerably larger. It is not unusual for American tourists to carry a \$200,000 personal accident insurance policy—cover which is relatively inexpensively obtained via travel agents or at airport machines.

Interest rates cut on Industry Act assistance

THE MAXIMUM rate of interest relief grant and interest rates for loans under Section 7 of the Finance Act 1973 were reduced yesterday.

The rate of interest relief grant available in those cases where it would be appropriate to allow the equivalent of an interest-free period on a Department of Industry loan—but where firms obtain their finance from other sources—is being reduced from 12 per cent. to 13 per cent. for each interest-free year.

The "concessional" rate of interest on loans for employment—creating projects (Category A)—is reduced from 11 per cent. to 10 per cent.

The Edinburgh and Dundee Investment Company Limited

Table with columns: Summary of Results for year to 31st January, 1977, 1976. Rows include Total Net Assets at Market Value, Ordinary Stock Units, Asset Value, Earnings, Dividend, Geographical Distribution of Investments, Equities, Total Equities, Fixed Interest Stocks, Deposits less Current Liabilities.

Summary of Statement by the Chairman, Mr. Hugh McMichael

Earnings per share rose by 25%, and the Board recommends a similar increase in dividend from 2.80p to 3.50p.

The fall of 2.5% in the asset value compared with a fall of 3.5% in the FT Actuaries Index and a fall of 7.9% in the Standard & Poor's Index after adjusting for currency and premium movements.

In the U.K., the rate of inflation is again increasing, industrial production figures continue to disappoint and unemployment remains high. North Sea oil will benefit the balance of payments but its effect on the economy, in general, will depend very much on Government policy. We continue to believe that the United States is currently the most attractive country for equity investment.

Present estimates suggest that earnings per share will be modestly up in the current year but if money was moved from Government securities into equities the earnings outlook would become less favourable. Our aim continues to be the growth of income and capital without undue emphasis on either.

Over the past year or so, critical attention has been directed to investment trust companies because of the large discounts at which they are quoted in relation to asset values. The prices of investment trust company shares, as of everything in which there is a true market, reflect the balance of supply and demand. Recently supply has exceeded demand.

Discounts have, however, narrowed somewhat from the peaks in October and may continue to do so as the merits of well managed investment trust companies are given renewed consideration.

Copies of the Annual Report may be obtained from Baillie, Gifford & Co. 3 Glenfinlas Street, Edinburgh, EH3 6YU.

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